

***Government that Works!***

**NEW JERSEY DEPARTMENT OF THE TREASURY**

**LOCAL GOVERNMENT BUDGET REVIEW**

**EGG HARBOR TOWNSHIP**

**CHRISTINE TODD WHITMAN**  
*Governor*

**ROLAND M. MACHOLD**  
*State Treasurer*

**OCTOBER, 2000**



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Egg Harbor Township***

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

## **THE REVIEW PROCESS**

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
EGG HARBOR TOWNSHIP**

**Township Government**

The team recommends that committee members either reimburse the township for health benefits or decline coverage, saving \$15,395.

**Administration**

By competitively investing all balances in excess of those required for banking services, the township could yield a revenue enhancement of \$58,356.

**Purchasing**

The team recommends that the township purchase an automated purchase order software package at a one-time expense of \$3,000 and a recurring expense of \$500 for annual system support. By purchasing the software package, the township could yield an annual productivity enhancement of \$5,460.

**Computer Technology**

The team recommends that the township restructure the computer technology staff into a separate department outside the police department, and it is further recommended that the township hire one full-time computer technician and convert the current half-time technical assistant position to full-time at an annual expense of \$55,000.

**Personnel, Payroll & Benefits**

By negotiating to revise the PBA contract to change the salary guide for uniformed officers from four to six steps, the township could potentially save \$12,455.

**Personnel Manual**

The township could potentially save \$264,240 annually by joining the State's Health Benefits Program (SHBP).

By switching the prescription drug coverage to the NJHB prescription plan, the township could potentially save \$53,244.

The township should consider negotiating to eliminate the \$750 annual clothing allowance for potential savings of \$8,250.

**Municipal Clerk**

The team recommends that the township discontinue shredding most documents and recycle all non-confidential records for a productivity enhancement of \$3,000. The team also recommends the township use seasonal help to cull records and clearly label boxes with destruction dates at an expense of \$2,800.

**Animal Control**

The township should consider conducting a complete dog canvass, and otherwise enforce the dog-licensing ordinance for a revenue enhancement of \$9,766. The township could yield an additional revenue enhancement of \$4,401 by collecting the dog license fees as prescribed by the code.

**Tax Collection**

The team recommends that the township reevaluate the municipal service fee and consider increasing it over several years to \$40 per month for a revenue enhancement of \$545,652.

**Tax Assessor**

The team recommends that one full-time employee be hired to work as a combination assessing clerk and field worker at an annual expense of \$32,000.

**Planning, Zoning & Engineering**

The team recommends that the plan review and inspection escrow account administration be revised to conform to the existing purchasing system for a productivity enhancement of \$3,848.

**Uniform Construction Code (UCC)**

The township should consider budgeting additional funds to accommodate building sub-code and clerical overtime or temporary assistance at an annual expense of \$21,738.

**Courts**

The team recommends that part-time staff be employed to permit the staffing of the evening court session and other evening complaint processing for a savings of \$14,700.

**Public Assistance**

By seeking approval from the NJ Department of Health and Human Services to transfer the PTAF I account balance to the township's current fund, and close the PTAF I account, the township could yield a one-time revenue enhancement of \$30,000.

The team recommends the township committee reconsider its earlier decision to retain the welfare operation. By consolidating with the county, the township could save \$84,186.

**Police**

The township should consider revising its drug and alcohol testing policy to include law enforcement staff in random testing at an annual expense of \$1,875.

By amending the alarm ordinance to reduce the number of false alarms allowed before penalties are assessed to three, the township could yield a revenue enhancement of \$3,750. The township could yield an additional revenue enhancement of \$2,000 by establishing a fee for alarm registrations.

**Emergency Medical Services (EMS)**

The township should consider establishing an EMS fee at an annual expense of \$43,000 for the billing/collection contract, with a revenue enhancement of \$427,986.

**Fire Department**

The team recommends the township and fire companies review their specifications for fire equipment to assure that they are receiving the best value, saving \$50,000 per vehicle.

**Public Works**

The township should consider purchasing recycling containers for residents at a one-time expense of \$65,000, in concert with an overall campaign to increase the recycling rate for annual savings of \$25,000.

The team also recommends that the township create an assistant foreman position for vehicle maintenance to assume the foreman's responsibilities in his absence at an expense of \$1,600.

**Municipal Utilities Authority**

The authority should consider discontinuing providing benefits to the engineer, saving \$6,736.

By arranging for the township to provide payroll services, the authority could save \$1,091.

The authority should enter into a commodity resale agreement to purchase its fuel from the township and take advantage of the competitive bidding and tax exemption for a savings of \$914.

The team recommends that the authority seek proposals from third party agencies to take over the billing/collection process at an annual expense of \$39,200 - \$44,100. By implementing this recommendation, the authority could yield savings of \$13,646 in postage and temporary staff, and \$34,818 by reducing one staff position, with net savings of \$4,364 - \$9,264.

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
<b>Township Government</b>				
Waive health benefits for committee members		\$15,395		<b>\$15,395</b>
<b>Administration</b>				
Competitively invest account balances		\$58,356		<b>\$58,356</b>
<b>Purchasing</b>				
Purchase automated PO system	(\$3,000)	(\$500)		
Productivity enhancement from purchase of software		\$5,460		<b>\$1,960</b>
<b>Computer Technology</b>				
Hire full-time technician & convert half-time technician to full-time		(\$55,000)		<b>(\$55,000)</b>
<b>Personnel, Payroll &amp; Benefits</b>				
Revise PBA contract salary guide for uniformed officers			\$12,455	
<b>Personnel Manual</b>				
Join State Health Benefits Program			\$264,240	
Switch prescription coverage to NJHB prescription plan			\$53,244	
Eliminate annual clothing allowance			\$8,250	
<b>Municipal Clerk</b>				
Discontinue document shredding and recycle		\$3,000		
Use seasonal help to cull records		(\$2,800)		<b>\$200</b>
<b>Animal Control</b>				

Conduct a complete dog canvass	\$9,766	
Collect dog license fees	\$4,401	
		<b>\$14,167</b>
<b>Tax Collection</b>		
Reevaluate and increase municipal service fee	\$545,652	
		<b>\$545,652</b>
<b>Tax Assessor</b>		
Hire full-time employee as assessing clerk & field worker	(\$32,000)	
		<b>(\$32,000)</b>
<b>Planning, Zoning &amp; Engineering</b>		
Revise plan review & inspection escrow account	\$3,848	
		<b>\$3,848</b>
<b>Uniform Construction Code (UCC)</b>		
Budget additional funds for building sub-code & clerical overtime	(\$21,738)	
		<b>(\$21,738)</b>
<b>Court</b>		
Use part-time staff for evening court & complaint processing	\$14,700	
		<b>\$14,700</b>
<b>Public Assistance</b>		
Transfer PTAF I account to current fund	\$30,000	
Consolidate welfare operation with county	\$84,186	
		<b>\$114,186</b>
<b>Police</b>		
Revise drug & alcohol testing policy to include enforcement staff	(\$1,875)	
Amend alarm ordinance to reduce number of false alarms	\$3,750	
Establish a fee for alarm registrations	\$2,000	
		<b>\$3,875</b>
<b>Emergency Medical Services (EMS)</b>		
Establish EMS fee billing/collection contract	(\$43,000)	



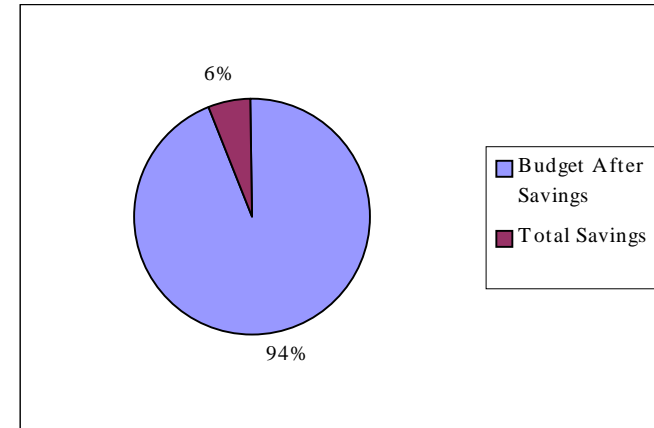
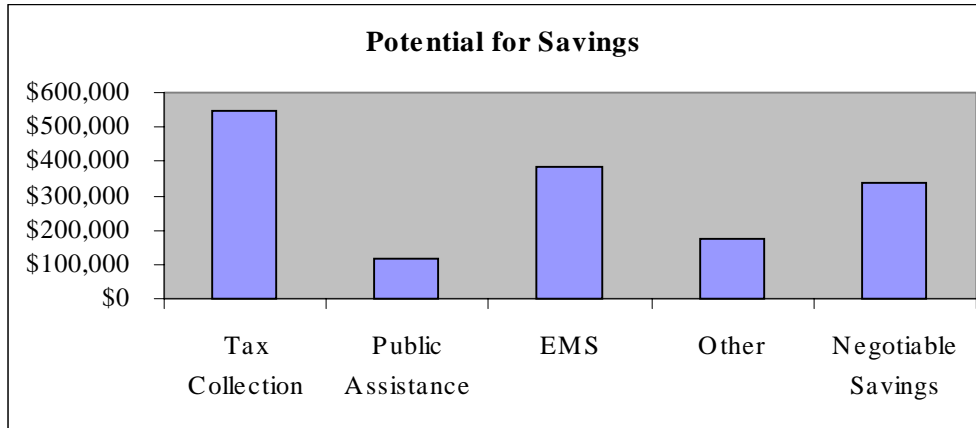
Revenue enhancement from EMS fee		\$427,986			\$384,986
<b>Fire Department</b>					
Review specifications for fire equipment		\$50,000			\$50,000
<b>Public Works</b>					
Purchase recycle containers for residents	(\$65,000)				
Increase recycling rate		\$25,000			
Create assistant foreman position for vehicle maintenance		(\$1,600)			(\$41,600)
<b>Municipal Utilities Authority</b>					
Discontinue benefits to engineer		\$6,736			
Have township provide payroll services		\$1,091			
Purchase fuel through commodity resale agreement		\$914			
Use third party agencies to take over billing/collection		(\$44,100)			
Savings on postage & temporary staff by using third party agency		\$13,646			
Reduce one staff position by using third party agency		\$34,818			\$13,105
<b>Total Recommended Savings</b>	<b>(\$38,000)</b>	<b>\$1,108,092</b>	<b>\$338,189</b>		<b>\$1,070,092</b>
*\$338,189 not included in savings of \$1,070,092.					
<b>Total Amount Raised for Municipal Tax</b>					<b>\$3,650,449</b>
<b>Savings as a % of Municipal Tax</b>					<b>29%</b>
<b>Total Budget</b>					<b>\$18,472,948</b>
<b>Savings as a % of Budget</b>					<b>6%</b>

**Total State Aid**

**\$6,797,016**

**Savings as a % of State Aid**

**16%**



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## COMMUNITY OVERVIEW

The Township of Egg Harbor is a 68 square mile, attractive, and very well run municipality located in the eastern portion of Atlantic County. The township (EHT) is approximately seven miles west of Atlantic City, and 55 miles east of Philadelphia. Hamilton Township, Galloway Township, Estell Manor, and the cities of Absecon, Pleasantville, Northfield, and Somers Point border the township. Uniquely, the municipality is not contiguous. Other municipalities separate two areas of the township from the rest of the township. While these areas are mostly marsh and flood plain, they do have areas of commercial and residential development.

Land use planning and development in the township is largely regulated by the Pinelands Commission and Coastal Areas Facilities Review Act (CAFRA). Both of these state laws provide significant limitations on local decision-making regarding the type of development permitted in their respective areas. Importantly, the Pinelands Commission has designated significant portions of EHT as a regional growth zone, mandating housing densities designed to complement the reduced development opportunities in other areas of the Pinelands jurisdiction. Combined with the regional economic growth prompted by the casino/tourism industry in Atlantic City, EHT is experiencing both residential and commercial growth.

The residential neighborhoods reflect a variety of housing types and ages. The township contains the largest number of mobile homes of any municipality in New Jersey. The commercial development is equally diverse including a regional shopping mall, several other shopping centers, manufacturing, sand and gravel mining, and recycling/industrial sites. The community exhibits the full range of neighborhoods from urban/industrial to rural agricultural.

The New Jersey State Development and Redevelopment Plan has identified EHT primarily as an environmentally sensitive planning area (Pinelands) with suburban, rural and fringe planning areas along the eastern and southern areas outside the Pinelands jurisdiction. The Pinelands Commission Comprehensive Management Plan identifies the areas in EHT under Pinelands jurisdiction primarily as regional growth and rural growth.

Historically, the economy of the area has been based on agriculture. Today the local economy is primarily driven by the casino/entertainment industry, with Egg Harbor Township serving as both a bedroom community and the location for support industry and related retail businesses.

Recent estimates report EHT's population at 30,000. The 1990 census population was 24,544. Approximately 17% were 55 or older, and approximately 29% were under 20 years old.

According to the 1990 census, the racial make-up of the community is 87% Caucasian. The minority population is primarily Black and Asian.

The 1990 census reported the EHT workforce to be approximately 13,127. Overwhelmingly, they drove alone to work. About 10% carpooled and 225 used public transportation. Approximately 89.5% of those working commuted less than 35 minutes to their employment. Approximately 7% commuted between 45 and 90 minutes. Anecdotal reports indicated that most are employed in the Atlantic City region with some driving to the Philadelphia and Wilmington regions.

Approximately 25% of the working citizens of EHT are employed in managerial, professional and executive occupations. About 32% are employed in sales, technical, or administrative support occupations. The balance are predominantly employed in service occupations or as machine operators, assembly workers, and in transportation of materials and labor occupations.

The Atlantic City Expressway, the Garden State Parkway, and US Route 40/322, serve the township; US Route 9 and US Route 30 are nearby. NJ Transit serves the township with various bus routes, and passenger rail service on the Atlantic City – Philadelphia line is available in Absecon and Pleasantville. Bell Atlantic, Connective Energy, NJ American Water, and the EHT Municipal Utility Authority (sewer collection) provide utility service.

Recreational boating and fishing activities associated with the Egg Harbor River and Bay provide significant economic impact in the township in addition to the more typical business activities.

The township is host to the Atlantic City International Airport and Federal Aviation Administration Technical Center, a regional US Postal Service mail facility, a NJ Transit bus maintenance garage, the Atlantic County Utility Authority (ACUA) landfill and recycling center, a regional shopping mall, and many religious and civic organizations. Hospitals are located in nearby Somers Point, Pomona, and Atlantic City. A branch of the county library is located in the township.

### **Scope of Review**

The EHT committee requested this review jointly with the EHT Board of Education. As fieldwork began, the team asked if the EHT Municipal Utilities Authority (MUA) wanted to participate in the review. The authority agreed to participate, and accordingly, is included in this report.

We commend the township committee, board of education, and municipal utility authority for inviting this review.

## **FORM OF GOVERNMENT AND ELECTIONS**

### **Township**

A township committee form of government governs the township. This provides for five committee members elected for three-year staggered terms. The committee members select one of their members as mayor. Together, the committee acts both as the legislative and executive arms of the municipal government. The committee has employed an administrator, several department heads, and other staff members to run the daily activities of the municipality.

The committee member terms are staggered such that two members run in each of two years, and the fifth member runs in the third year. Importantly, while election issues are an annual event in this form of government, it appears that the elected officials have, over time, permitted the administrative functions of government to be run professionally.

Typically, voters select candidates during the June primary election to appear on the November general election ballot. The terms of office begin the following January. The township had 13,716 registered voters eligible to vote in the 1998 general election. In the 1998 November election, 4,412 voted for township committee candidates.

### **Municipal Utility Authority**

The MUA is an autonomous agency created by a previous township committee. The township committee appoints authority board members for five-year terms. Once created, authorities become legally separate entities and operate independently of the township government.

## **I. BEST PRACTICES**

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every cost-effective effort. The following are those best practices recognized for cost and/or service delivery effectiveness.

The domestic violence taskforce, a civilian, volunteer group trained to assist the police with victim assistance after an incident, allows officers to return to the street earlier, while people who are specifically trained to provide needed assistance help the victims. The director of the Atlantic City Women's Shelter described the program as the best in the county and probably best in the state.

The police operate with a nine-hour patrol shift. This provides a one-hour overlap at shift changes. The overlap provides both the on-coming and off-going shift plenty of time for gathering equipment, briefing, and stowing equipment without generating response time problems or overtime.

The township has creatively structured a recreation commission to make recreation significantly self-supporting, without creating organizational overhead. Payroll, purchasing and budgetary accounting all run through the finance office rather than separately.

The township-operated auto impound lot, created to eliminate problems with the private sector operators involving security and cost to citizens, is both self-supporting, and professionally operated. It is an example of cooperation between various township departments to creatively solve a problem.

The police department has an annual physical training requirement for police officers, including drug testing. This program deserves to be emulated by other police departments.

The police department has educational training requirements for officers desiring advancement. This has developed a very well educated, professional police force.

The shoplifter offender program in municipal court appears to be a creative and effective means of curtailing repeat offenses, and deserves to be emulated by other courts.

The video arraignment in municipal court is a clear example of cost-effective use of technology, and provides opportunities for regional cooperation among smaller courts.

## II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in operations that are more efficient and provide financial savings to the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost-saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control, and revenue enhancement.

### TOWNSHIP GOVERNMENT

#### **Township Committee**

The township committee members are paid a salary of \$11,897 per year, with the mayor receiving an additional \$642. The 1998 total salary and wage expense was \$65,548. In addition, each member is eligible to receive health, dental, and prescription coverage from the township. Two of the members are receiving full family coverage from the township. One receives employee/spouse coverage. Two are not covered. The cost of township committee benefits in 1998 was \$15,395. In light of the part-time nature of the township committee, we believe committee members should reimburse the township for these benefits or decline to take them.

#### **Recommendation:**

We recommend the committee members either reimburse the township for the health benefits premium or decline to take coverage.

**Cost Savings: \$15,395**

#### **Ethics**

The Local Government Ethics Law (N.J.S.A. 40A:9-22 et. seq.) requires certain officials to annually file a financial disclosure form by April 30<sup>th</sup>. In addition, it provides that the New Jersey Local Finance Board investigate ethics complaints unless a municipality elects to establish a local ethics committee. Egg Harbor Township has chosen not to establish a local ethics committee. The township committee adopted an ethics code in 1978 covering municipal officials. The township committee conducts hearings concerning violations of the township code.

The township committee should, in consultation with the township attorney, review the township code provisions to ensure that the township conforms with the requirements of the Local Government Ethics Law.

N.J.S.A. 40A:9-22.3g specifies which officials are to file a disclosure form. Additionally, the attorney general has issued various opinions concerning the type of positions that are "local government officers." Failure to file is a violation of the law, and may result in enforcement action by the Local Finance Board.

A review of the financial disclosure forms for 1998 and 1999 on file with the township clerk show that some officials filed late, filed incomplete forms, or did not file. One township committee person and the township solicitor did not file in 1998. A number of other officials did not file by April 30, 1998. Our review of the forms submitted as of April 27, 1999 suggest that the lateness is a limited problem in 1999. The forms were not date stamped when received in the clerk's office.

The nature of the omissions and staff reports lead the team to believe the shortcomings stem primarily from individuals simply forgetting to return the form, not understanding the form, and forgetting to sign the form before filing.

**Recommendations:**

**We recommend that the township committee and township attorney review the reporting requirements.**

**We recommend the clerk's staff review the forms submitted to verify that forms with obvious errors such as no listed sources of income or no signature are returned for correction. Additionally, we recommend the clerk's staff date stamp the forms when received.**

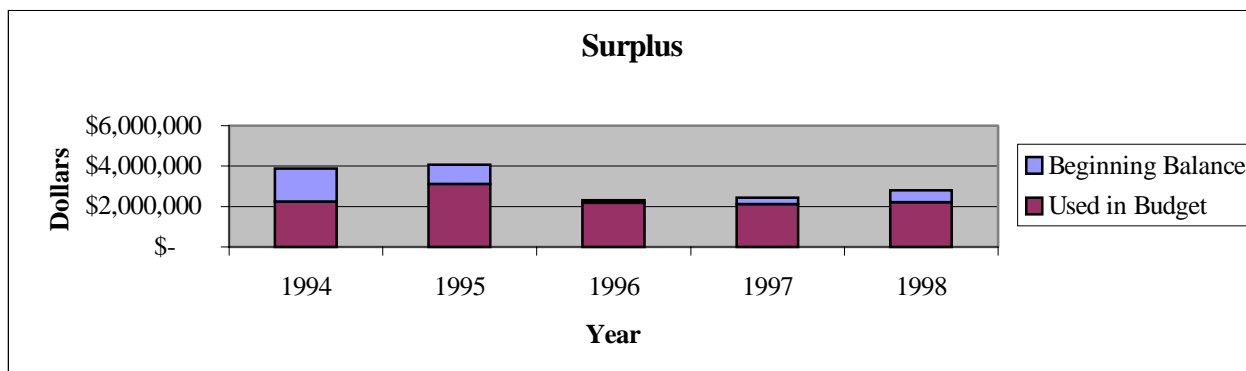
## Administration

**General Budgeting**

The township has generated an increasing surplus primarily from the taxes levied on new ratables in the township as well as by conservative tax collection and miscellaneous revenue estimates.



EHT uses the calendar year budget traditional in New Jersey municipalities. A review of the municipal surplus from 1994 through 1998 shows that, with the exception of 1995, the dollar amount of surplus used to balance the budget has remained stable, but the amount of surplus available has decreased, and the percentage used to balance the budget has increased.

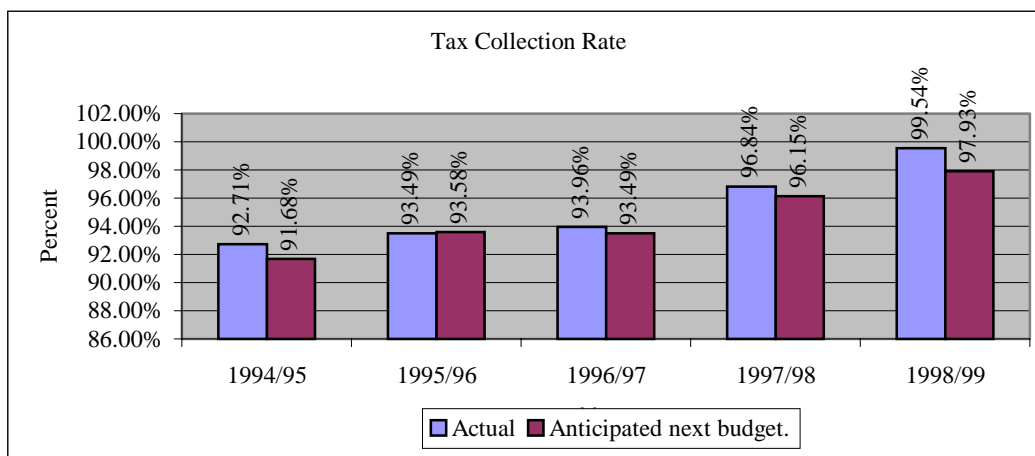


The decrease was a predictable result of the governing body's choosing to anticipate increasing estimates of tax collection and miscellaneous other revenue. When more aggressive estimates are made, less is available to become surplus.

### Estimated Tax Collections

The township is required to establish a reserve for uncollected taxes on the entire tax levy, including the school, and county levies. Accordingly, the dollar value of the difference between the estimated collection rate and the actual collection rate, up or down, is much greater than if calculated on the municipal levy alone.

In the 1997 budget, the total reserve for uncollected taxes (the difference between the estimated collections and 100%) was \$1,988,060. In 1998, it was \$1,264,315. This represents a \$723,745 reduction. The township estimated that 1997 tax collections would be 93.49% of the amount levied. The actual collection rate for 1997 was 96.84%, \$1,076,477 higher than anticipated. This unanticipated collection increased the municipal surplus while providing protection. In 1998, the anticipated collection rate was 96.15%. The actual collection rate was 99.54%. A collection rate over 96% is typical of suburban municipalities in New Jersey, and reflects a diligent effort to pursue collections by the tax collector and her staff. The 1998 collection rate is unusually high due to EHT having used an 'accelerated tax sale' for the first time. We discuss accelerated tax sales later in this report. Prudence dictates that one conservatively estimate tax collections as fluctuations in economic conditions can cause tax appeals, bankruptcies, and financial difficulties, which reduce tax payments. If estimated collections are too ambitious, even minor collection problems can cause significant municipal budget and tax increases.



The team feels an estimated collection rate of at least two percentage points lower than the prior year's actual collection rate provides a prudent estimate. In 1998, a 94.84% anticipated collection rate would have increased reserve for uncollected tax appropriation by \$433,822. Assuming other items of anticipated revenue remained the same, the local purpose levy would have been \$433,822 higher increasing the local purpose tax rates three cents. However, anticipating this lower collection rate would have resulted in more available surplus in the following year.

#### Recommendation:

**We recommend the township decrease the anticipated tax collection rate to at least 2% below the prior year actual collection rate and increase the appropriation for "reserve for uncollected taxes" in its budget.**

#### Accelerated Tax Sale

In 1998, the township conducted its annual sale of tax liens in December. Unlike the traditional tax lien sale conducted during the following year, the accelerated sale results in the receipt of the tax sale proceeds in the current budget year. In the initial year, the receipt of both the accelerated tax sale funds and the prior year's traditional tax sale funds creates one-time revenue, which becomes surplus. In EHT, this surplus was used as revenue to support the 1999 budget. The 1999 budget also reflects much lower revenue from interest costs on taxes and from receipts from delinquent tax as the accelerated tax sale replaces the traditional sale. In the coming years, the township will see the total annual receipts from tax lien sales return to what it had been before the accelerated sale.

#### Miscellaneous Revenue

Miscellaneous revenue is all revenue not derived from surplus, dedicated revenue, current taxes, or delinquent taxes. It includes local fees for various permits, licenses or activities, state and federal aid and grants.

An analysis of the township's budget projections for miscellaneous revenue from local sources compared to actual for the years 1996 through 1998 shows that the miscellaneous revenue projections for local revenue were estimated at 97% to 98.5% of the prior year's actual revenue. Similar to the comment on the tax collection rate, the governing body has left very little margin for a shortfall in revenue.

EHT has pursued many grant opportunities successfully. The township has received grant funds for a variety of law enforcement, public works and youth programs.

We commend EHT for its active pursuit of grants.

#### General Observations

The township committee has obviously worked to maintain a stable, modest local purpose tax rate in the township. However, we view the combination of the increasing use of surplus (as a percent of surplus available), the aggressive estimation of tax collections, the aggressive estimates of other revenue, and the use of the accelerated tax sale as a signal of financial stress. While it is not uncommon for municipalities to use any one of these mechanisms to solve a problem in the short term, the use of all these mechanisms over several years indicates increasing stress in the municipal financial statement. The resulting financial condition may not serve the township well if unexpected events which the municipality does not control, such as property owner bankruptcies or successful tax appeals, cause revenue deficits. Regular, modest adjustments to the tax rate can serve to create a predictable local purpose tax bill.

#### Cash Management

The team analyzed the management of the township's cash balances. According to the Chief Financial Officer (CFO), the township maintained its primary banking relationship with three banks during the period reviewed. This occurred due to a bank merger and a decision by the township to switch banks. According to the township's bank representative and the CFO, the bank is not charging any fees for banking services provided to the township. These services include the payroll processing service.

The township did not maintain a relationship with the New Jersey Cash Management Fund (NJCMF), a public funds investment division of the State Treasury. The NJCMF is an investment tool for idle funds, but does not provide

bank services such as check processing. Township cash balances are routinely invested in an interest bearing checking account.

The team performed an analysis of the various operating bank accounts. Our analysis compares the interest actually earned by the township from January through December, 1998 to the earnings that would have been achieved in the NJCMF and the three-month treasury bill. The analysis was complicated by the fact that the township has not taken advantage of a common banking service called an account analysis. The bank account analysis, if requested, is provided with each month's bank statement. It shows the various charges, compensating balances, and average daily balances. Accordingly, without an account analysis, we used the month ending balances from the statements. Using the month ending balances is not as accurate as an average daily balance in computing potential earnings.

The team's analysis shows that had the aggregate month-end balances (ranging from \$5,043,041 to \$11,512,740 and averaging \$9,014,582 per month) been invested in the NJCMF, the township would have earned an additional \$58,356 over what was earned in the operating bank account. A sweep account based on the 91-day treasury bill would have earned an additional \$27,634. We recognize that the NJCMF may not always provide the most competitive investment.

### Recommendations:

We recommend the Chief Financial Officer (CFO) request each bank to provide a monthly account analysis, and establish an account relationship with the NJCMF.

**We recommend the township competitively invest all balances in excess of those required for banking services.**

**Revenue Enhancement: \$58,356**

### Debt Service

As of December 31, 1998, the township had \$6,925,000 (principal only) in outstanding serial bonds. As of this review, the township had \$1,039,200 in notes (short-term debt of one year or less) outstanding, for a total of \$7,964,200.

In addition to the issued debt, the township has \$737,128 authorized but not issued. This amount is composed almost entirely of authorizations for the engineering and design of the golf course and the Boston Avenue water system.

The oldest active bond dates from 1987. The most recent issue was in 1997. All of the existing bonds are scheduled to be retired by the year 2007.

The MUA debt is equally unremarkable. As of August 31, 1998, the total debt principal was \$5,456,544 in addition to the general debt of the township. The oldest issue dates to 1968. The most recent issue was in 1997. All existing debt is scheduled to be retired by 2016.

NJ law restricts general obligation municipal debt (that which is to be paid by taxpayers) to 3½% of the three year average aggregate assessed value of the municipality. This formula ties the amount of debt municipalities can incur to the amount of taxable property in the municipality. Bonds issued for self-liquidating purposes, where user fees are paying all the costs, are not counted in this calculation.

As of December 1998, the township had a debt to assessed value ratio of 0.76%. The maximum permitted by NJ Statute is 3.5%.

Moody's Investors Service, a bond-rating firm that evaluates the credit worthiness of public and private debt issues, awarded an A-3 rating to the township for its September, 1997 bond issue. The institution purchasing the bonds insured the issue, bringing the rating to AAA. The 'A' rating indicates high quality credit-worthiness. The numerical modifier 3 indicates that the issue is rated in the lower end of the 'A' category.

**We commend the township for maintaining a low debt ratio, and a quality debt rating.**

The team reviewed EHT's existing debt service to identify any opportunities for refinancing (technically known as "refunding") debt issued when interest rates were higher. Refunding opportunities are possible when the bond issuer sells its bond with an early redemption provision known as a "call feature." Experts in municipal finance have reported to the team that "calls" from eighth year on have not had a noticeable effect on the interest rate for the bonds.

A review of the 1997 bond issue indicates that a call feature was not included. The 1997 bond issue was a relatively short-term (ten-year) issuance, and EHT received a very competitive interest rate.

The team's review of each debt issue suggests the existing debt did not present any refunding opportunities. However, in the event changing market conditions make a call advantageous to the township, the absence of a call feature will prevent the township from taking advantage of lower interest rates.

**Recommendation:**

**We recommend the township include a call feature in each future issue.**

## INSURANCE

The township is insured for property, general liability, auto liability, workers' compensation, environmental impairment, public officials liability, and employment practices liability through the Atlantic County Joint Insurance Fund (Atlantic JIF) and the Municipal Excess Liability Joint Insurance Fund (MEL). Many other JIF's in the state have in turn become members of the Environmental JIF (EJIF), which provides insurance in the specialized area of environmental impairment. The Atlantic JIF elected not to join the EJIF. Reportedly, EHT was among the JIF member towns that did not feel the EJIF would be cost-effective due to the fact that the EJIF assessed premiums based on each municipality's population rather than specific exposures. In addition, the township felt it would receive limited benefit from the coverage because sites or incidents for which notices of claims had been filed are excluded from coverage. The township officials felt all significant exposures had been identified.

While the team recognizes the EJIF coverage may seem costly, we also believe that it is a very valuable coverage for the township for unexpected pollution events, such as hazardous waste being left on municipal property or inadvertently collected with the trash. We understand that the most basic response to such an event could cost \$25,000.

The employment practices liability coverage is offered to all member towns by the MEL, however, towns that have not adopted basic policies regarding personnel matters are subject to much greater deductibles and higher co-pays in the event of a claim. EHT has qualified for the improved coverage by demonstrating to the MEL that it has adopted the prescribed policies and procedures.

The MEL provides excess liability over the Atlantic JIF coverage for \$5 million. Up to an additional \$5 million excess liability coverage is available to the township for an additional premium. EHT has elected not to take additional excess coverage.

As a condition of participation in the JIFs, the township is required to appoint a commissioner to the JIF governing body. N.J.S.A. 40A:10-37 requires a JIF commissioner to be a member of municipal governing body or an employee of the municipality. The township committee has appointed the township administrator as the commissioner.

**We commend the township for being an active member in the JIF and MEL.**

**Recommendation:**

We recommend the township and the Atlantic JIF reconsider their decision to not join the EJIF.

EHT has appointed a third party contractor as its risk manager. The risk manager is available to advise township officials on insurance issues and attend safety committee meetings as needed. The JIF compensates the risk manager at 5% of the premium charged by the JIF and the MEL. Accordingly, for 1999, the risk management consultant earned \$31,296 based on the EHT assessment of \$625,923. The consultant is not paid directly by EHT, but rather the fee is built into the township assessment and paid to the consultant by the JIF. We believe the functions of a risk management consultant will vary widely from town to town, and the services provided may not have any relationship to the premium paid by the town. Additionally, we feel the township, rather than the JIF, should pay directly for any risk management services to avoid the appearance of having fees for contracts obscured by funneling them through third party agencies. We understand the JIF by-laws require the township appoint a risk manager and establish the fee to be paid by the JIF. We believe the township would be better served by appointing an in-house risk manager at no fee, and contracting for any specialized risk reviews that may be needed.

**Recommendation:**

**We recommend the township appoint its own risk manager and use contracted risk management firms on an as needed basis. The township should pay consultants directly.**

The JIF also requires the township to designate a safety coordinator. EHT has designated the deputy township administrator as the township safety coordinator. The team understands that safety functions are a priority for the township.

The township copies of the JIF documents were readily available at Town Hall in the administrator's office. The team's experience with the various reports produced each month by the JIF is that the insurance, risk, and loss information is quite valuable in the management of the business of the township. The administrator and the staff appeared well-informed on insurance matters concerning the township.

The team reviewed the township loss runs from the claim handling firm and the Atlantic JIF meeting reports. Lost time frequency is a statistical measure of both the frequency and severity (in terms of lost workdays) of workplace accidents. The three-year average lost time frequency through November, 1998 was 2.98 lost time injuries per 100 full-time employees. This statistic represents a superior effort at maintaining work place safety when one considers the scope of services and operational size of EHT. By comparison, other members of the Atlantic JIF had three-year average lost time frequency ranging from 0.00 to 7.31.

The township has a safety committee consisting of the township administrator and department heads. Those interviewed reported EHT management thoroughly investigated accident causes and when possible took corrective action. In addition, two accident review boards (one for the police department and the other for civilian staff) can be convened to review work-related accidents to determine negligence, if any, and recommend disciplinary action. Findings are submitted to the township administrator. The township also encourages safety by providing opportunities to suggest safety improvements, providing health and safety seminars, providing defensive driving training, and rewarding employees without work related claims with a \$50 savings bond, and sponsoring a "safety bowl" bowling event for all employees.

We commend the township and Atlantic JIF for the efforts in improving safety.

## PURCHASING

The purchasing process is a business function of each department in the township. The team reviewed the purchasing process in a variety of departments. As of the time of our review, the process consisted of a department head, or a designee, submitting a typed or handwritten, pre-numbered purchase requisition to the finance department.

The finance department retypes the information from the requisition into the finance computer system, verifies that the appropriate budget line has sufficient funds, and prints a purchase order. A staff member processes the requests daily. Approximately 2,800 purchase orders are processed annually.

### **Purchasing Policies and Procedures**

The Local Public Contracts Law (N.J.S.A. 40A:11-1 et. seq.) governs the purchasing of all goods and services by municipalities. Additional matters involving purchasing are regulated by the N.J.A.C. 5:34-1.1 et. seq. In addition, the township has created a purchasing procedure manual specifying policies and procedures specific to EHT. In place since the early 1990s, the manual defines purchasing parameters clearly and comprehensively.

The departments/workgroups solicit bids and quotes wherever required, and cooperative purchasing contracts are used whenever advantageous to the township.

When the goods or services are delivered, the originating department verifies that the goods or services were received as ordered. Subsequently, the finance department prepares checks for payment and a bill list for approval by the township committee.

### **Blanket Purchase Orders**

A blanket purchase order establishes a “not to exceed amount” within a certain business period (e.g., one month) with a specific vendor. These transactions are used when (a) the need for an item cannot be reasonably predicted, or (b) the cost does not warrant keeping an inventory.

In EHT, blanket purchase orders are used with discretion. When a department/unit is unclear of the criterion, the finance officer is contacted. Those interviewed reported open purchase orders (those without dollar or time limits) were not used.

### **Emergency Purchases**

An emergency purchase is authorized when the immediate delivery of a good(s) or service(s) is required to protect the public’s health, safety and/or welfare.

The CFO or township administrator must approve these transactions. In the absence of the CFO and administrator, another municipal official assumes the responsibility and can issue an emergency order.

### **Purchase Consolidation**

The departments/workgroups purchase independently and, with few exceptions, orders are not consolidated. Items of a similar or like nature are ordered separately by each department. Consequently, any particular vendor may receive multiple orders for supplies from different departments. Nonetheless, the departments/workgroups are satisfied with the vendors and delivery service companies.

The township recently established an account with the State Distribution and Support Services Center (DSS) where office supplies and other commodities can be purchased at discounted prices. The State DSS staff reports savings range from 30 to 50% of conventional retail purchasing. DSS also provides extensive quality control testing for products offered.

**The LGBR team commends the township for taking the initiative to establish an account with the State DSS. We encourage EHT to obtain price quotes from DSS when purchasing supplies and to consolidate common supply items.**

### **Budgetary Accounting and Purchase Order System**

The municipality uses budgetary accounting and purchase order software supplied by a computer vendor specializing in municipal accounting. Once a purchase order is entered into the system, the system monitors all purchasing related financial data and activities. Six departments have access to the system for making inquiries. The departments/workgroups are generally satisfied with the system that has the ability to produce routine reports on demand.

The system generates reports on expenditures, encumbrances, appropriations, account balances and open purchase orders.

The computer vendor reports that an automated purchase order software package is available which allows those preparing the requisition to do so on a computer. Thereafter, the verification and encumbrance of accounts and the CFO and administrator authorizations can be done on-screen. A Purchase Order (PO) would be printed once it was fully authorized and mailed or faxed. Such a system would eliminate the duplicate typing of the requisition information, and the time spent manually signing orders. The vendor reports the module costs \$3,000. The annual system support is between \$400 and \$500.

Those interviewed estimate that each PO takes about five minutes to prepare in the finance office. The staff members preparing PO's are paid approximately \$21 per hour. Accordingly, we estimate that automating this process will save five hours per week, or \$5,460 annually. We believe the finance staff can more productively spend this time.

#### **Recommendations:**

We recommend that the purchase requisition be prepared and processed electronically. This would eliminate the redundant processing that exists at the user level and in the finance department.

**One-time Value Added Expense: \$3,000**  
**Value Added Expense: \$500 (recurring)**  
**Productivity Enhancement: \$5,460 annually**

#### **Fixed Asset Inventory**

The township maintains a system used to identify, record, and label all tangible property valued at \$500 or more except for computer technology components and ancillary units such as printers, terminals, keyboards, scanners, monitors, etc. These items are recorded regardless of their value.

A form entitled "fixed asset accounting information" is completed by the workgroup when goods that qualify as fixed assets are received. The finance department keys pertinent information from the form and the purchase order into the fixed asset inventory system. The finance department affixes a label to the item(s) received. A workgroup also completes an accounting form when an item is disposed of, relocated, or sold at auction.

It appears that fixed assets are accounted for in accordance with the directive issued by the Director of the Division of Local Government Services.

## **COMPUTER TECHNOLOGY**

The township does not have a separate computer department. The police department has one full-time computer professional serving as a system administrator. Another employee assigned to this office on a half-time basis assists him. This office, while primarily dedicated to police computer, radio, and telecommunications, is called upon to assist other departments with computer technology and electronic communications issues as needed.

The system administrator has been with the township for five years. Formerly he served as a field and software engineer for a major computer provider and holds a certification in network management. The assistant was new to this office at the time of our fieldwork. The staff spends approximately 90% of its time supporting the computerized systems in the police administration. The remainder of his time is devoted to assisting the other departments/units. Many staff members throughout the township are computer literate which helps to limit the need for the staff in this office to handle minor computer technology issues.

In addition to the in-house staff, a private company performs first-level maintenance on the portable radios in the police department.

**Hardware/Software**

The departments/units are equipped with PCs that are linked within one of several workgroups. Generally, a PC remains in a workgroup for five years before it is rotated out. In this way the equipment is fully utilized and replacements can be held to a predictable minimum.

Various word-processing and spreadsheet software as well as financial packages exist in the offices of finance, tax collector, tax assessor and the municipal court. Some of these applications are unique to a workgroup. All products have maintenance contracts. Certain applications have been written in-house. Others have been purchased from third party vendors or supplied by the state. In addition, at least one person in every unit in the police department has access to the Internet. Internet access outside the police department is very limited.

**Network Systems**

The finance office, planning board, police department and tax collector office are equipped with a homogeneous network. This enables the workgroups to exchange information and to initiate financial inquiries and budget reports. Other offices in town hall need additional work and training to make a network fully useful.

Funds have been appropriated for establishing a homogeneous network for the workgroups. The preparation necessary to ensure a successful and timely implementation was not completed. The public works department and the township clerk office are tentatively scheduled but plans to network the remaining workgroups have not been finalized. As these network are established, increases in system administration demands can be expected.

Industry experts report that generally one computer technician is needed for every 50 PCs and printers. EHT has approximately 110 computers. In addition, the division's responsibility for radio and telecommunications adds considerable responsibility.

In summary, EHT is well along in the process to fully realize the productivity benefits of automation. Based on our observation we feel the plan to have a complete, integrated system can be achieved if the existing system administrator is given broader authority and responsibility for all computer systems in the township.

**Recommendations:**

We recommend the township restructure the computer technology staff into a separate department outside the police department. The system administrator should oversee all computer technology and related activities. The new department's responsibilities should include maintenance of all computer and telephone equipment in the township, planning for computer upgrades and networking, training township staff, reviewing existing applications as needed, representing the township with equipment and maintenance vendors and developing computer use policies and procedures. We further recommend the township hire one full-time computer technician and convert the current half-time technical assistant position to full-time. Generally, one technician should be assigned to the police/fire/EMS needs and the other assigned to the balance of the municipal operating departments. The existing system manager should supervise these employees and implement system improvements. We estimate the cost for employing a new technician and replacing the police records half-time position at \$55,000 including benefits.

**Value Added Expense: \$55,000**

**PERSONNEL, PAYROLL & BENEFITS****Organization**



The 1998 workforce was composed of 192 full-time, 43 part-time and 48 seasonal staff. Included are 17 employees who retired or otherwise terminated service during the year. The workforce is essentially the same size currently as it was in 1997.

The police department is the largest work group with 107 employees or 38% of the township's 283-member workforce. This unit consists of 74 uniformed, supervisory staff and detectives, collectively referred to as "sworn officers," and 33 civilians.

The public works department is the second largest work group with 54 employees, or 19% of the total workforce. Public works includes equipment maintenance, buildings and grounds, roads, and sanitation.

The recreation department is the third largest unit composed of 50 mostly seasonal employees, equaling 18% of the workforce.

All full-time employees are covered by one of two pension systems administered by the state.

### **Collective Bargaining Agreements**

Employees are covered by three collective bargaining agreements, the Police Benevolent Association (PBA), the International Brotherhood of Electrical Workers (IBEW) and the Communications Workers of America (CWA).

The PBA, IBEW and CWA contract terms are January 1, 1998 to December 31, 2000. None of the contracts appear to offer any new or modified fringe benefits that raise the township's liabilities. The five most recent contract negotiations resulted in annual merit increases that range up to 4% depending upon the bargaining unit and the number of employee service credit years.

The Police Benevolent Association (PBA) comprises all sworn officers below the rank of captain.

The International Brotherhood of Electrical Workers (IBEW) includes the public works laborers, truck drivers, mechanics, police dispatchers and all other professional and clerical staff not covered by the PBA or CWA, excluding the confidential staff. The Communications Workers of America (CWA) represents supervisors, including the public works director, recreation director, tax assessor, tax collector and welfare director.

### **Confidential and Management Staff**

Seven members are either confidential employees or management employees. These employees are the administrator, deputy administrator, finance officer, municipal court administrator, township clerk, police chief, police captains, police chief's secretary and two administrative office secretaries. The township administrator, police chief and three police captains have individual contracts with the township.

### **Police Contract Steps**

The salaries for police officers during years of service one through four are \$30,000, \$36,227, \$42,454 and \$48,682, respectively. The average annual increase between the first and fourth year is \$6,227 or 20.8%.

The salary guide published by the League of Municipalities reports an average of 6.25 steps for patrol officers.

Were EHT to have a six-step system, patrol officers would achieve the maximum salary at the beginning of the sixth year rather than the fourth year. Consequently, a 40% or \$2,491 reduction in the average annual increment of \$6,227 would be realized. The aggregate savings over the first five years of service would be \$12,455.

### **Recommendation:**

**The team recommends that EHT negotiate revised terms of the PBA contract to change the salary guide for uniformed officers from four to six-steps.**

**Potential Cost Savings: \$12,455**

## Personnel Manual

The team reviewed the township personnel manual. It covers subjects such as employee conduct, defines and establishes the administration of vacation and other days off, hiring and termination, performance appraisals, statutory policies, and a variety of other subjects. The team found the manual to be among the most comprehensive, well-organized and professional manuals encountered in local agencies reviewed.

The team commends the township on its personnel manual.

### **Recommendation:**

**The LGBR team recommends that a section on workplace violence be included in the manual.**

### **Performance Appraisal**

The performance appraisals have been in place since 1990 and were revised in 1997. The appraisal is administered to all civilian employees; the sworn officers are evaluated by the criteria and mechanism prescribed by the chief of police. The civilian employees receive an evaluation at six and twelve months during their first year of employment, considered the probationary period. Thereafter, the appraisals are administered once a year to all permanent employees who have successfully completed their first year of service. However, if an employee is placed on probation after his or her initial year of employment, the circumstances will dictate the frequency of the appraisal.

The appraisal has become a valuable tool in evaluating and recognizing employee performance. Likewise, it has become a helpful aid to the department heads and their subordinates in identifying areas of excellence as well as those requiring improvement. The process is routinely reviewed, monitored and commented on by the department heads and administrators to ensure that an acceptable level of employees' performance is maintained. A written record of each appraisal is filed in the employee's personnel file.

### **Employee of the Year**

The most prestigious award presented by the township is known as the "employee of the year." Nomination forms are distributed to all employees and the completed forms are returned to the deputy administrator. The forms are submitted to the evaluation committee, which consists of representatives from the CWA, IBEW, PBA as well as a non-contractual employee. The evaluation committee chooses three finalists and presents the names of the candidates to the township committee for its selection. The candidate named "employee of the year" by the township committee, receives a \$500 cash prize, a plaque and a reserved parking space for one year, and the two other finalists earn a day off with pay. The awards and official announcements are presented to the finalists at a township committee meeting.

### **Salaries and Wages**

Employee salaries, wages and benefits represent the largest portion of a municipality's expenditures. Throughout this report, the team refers to salary and wage expenditures, the employee position cost and the fully-loaded cost.

The salary and wage expenditures refer to the amount paid to employees for their work.

The "employee position cost" defines the annual aggregate expense that a public entity incurs to maintain a worker. The components include base salary plus direct benefit costs. We define direct benefits as cash payments made on behalf of the employee and/or contributions made by the employer for pension, social security, health insurance, etc. In 1998, aggregate employee position costs in 1998 were \$11,572,434.

In addition, indirect benefit costs were \$987,846 and include vacation, sick and personal leave and compensatory time. These are benefits where there is no payment of cash. The total of direct wages and all benefits is referred to as the fully-loaded cost.

The aggregate employee position costs reflect the 1998 base salary and benefit costs in addition to \$136,441 of retroactive pay that was due to the employees covered by the IBEW contract. We adjusted for the retroactive pay because while the new contract term began January 1, 1998 it was not settled until October, 1999, resulting in retroactive pay accruing for 1998.

### **Overtime**

Full-time, non-salaried employees are entitled to one-half times their regular hourly rate when they work in excess of 40 hours per week. The employee's supervisor and/or department head must approve overtime in advance unless there is an unusual circumstance where this is not practical. Employees have a choice to receive time off in lieu of paid overtime as long as their supervisor grants prior approval.

During 1998, the township paid \$441,588 in overtime benefits.

### **Employee Leave Benefits**

All full-time employees are defined as persons who hold a permanent position and are routinely scheduled to work 40 hours per week. This entitles the employees to specific benefits in accordance with their contractual agreements and/or as mentioned in the personnel manual.

Part-time employees are defined as persons who are not routinely scheduled to work 20 hours or more each week. As such, these employees do not hold permanent positions and are not entitled to any fringe benefits. Therefore, any reference to employee benefits is exclusive to full-time permanent employees, unless otherwise noted.

### **Leave Requests**

The leave request forms are used by all employees and submitted to the department head and/or township administrator for approval. The employees covered by the PBA and IBEW contracts are obliged to submit leave request forms to their department head for approval. Employees covered by the CWA contract, as well as confidential employees, submit their leave requests to the township administrator for his approval. In addition to the four-part form that is typically submitted to the payroll office, the timekeepers maintain a desk and/or wall calendar as an adjunct timekeeping tool.

### **Leave Allowances**

The following leave allowances (sick, vacation and personnel) apply to non-contractual employees as illustrated in the Egg Harbor Township Personnel Manual, and are taken in ½ day increments unless specified otherwise. These benefits may apply to contractual employees when the benefit is not mentioned in the agreement. These benefits are not intended to contradict or replace those mentioned in the contract arrangements and are stated for the reader's reference only.

**Vacation Leave**

Vacation leave is submitted two weeks in advance and must be taken in the year it is earned. Employees accrue vacation time in accordance with the following schedule:

<b>Years of Service</b>	<b>Leave Allowance</b>
Less than one year	½ working day per month
One year or more but less than six years	12 working days per year
Six years or more but less than 10 years	14 working days per year
10 years or more but less than 15 years	17 working days per year
15 years or more but less than 20 years	21 working days per year
20 years or more	23 working days per year

Vacation leave consists of five consecutive working days unless the township administrator approves a shorter period. Requests must be submitted at least two weeks prior to the beginning of the leave. The department head shall approve the request based on seniority and workload requirements.

Unused leave may be accrued up to 20 days and carried forward to the succeeding year. However, earned vacation may be carried beyond the succeeding year with approvals from the township administrator and department head. Permission is granted only under unusual circumstances.

When an employee terminates employment voluntarily or involuntarily, he or she is entitled to vacation leave and/or pay on a pro-rated basis. An employee relinquishes this benefit if the township does not receive two weeks notice.

During 1998, employees were entitled to 3,024 vacation days with a value of \$490,245.

**Sick Leave**

Employees accumulate sick leave at one day per month during the first year of service and 1¼ days per month the second year and thereafter. An employee may accumulate up to 240 days during his or her term of service with the township.

During 1998, employees accrued 2,743 sick days valued at \$409,995.

**Sick Leave Buy-back**

A percentage of unused sick leave will be paid based on the employee's years of service in accordance with a specific schedule: 25% for 10 years, 50% for 20 years and 100% for 25 years of service. Employees are entitled to two payment options.

The first option entitles employees to receive a cash payment equal to 50% of the annual unused sick leave from the preceding year with the remaining leave time accumulated without limitation. The second option entitles an employee to select a cash payment equal to a maximum of 25 sick days as long as the accrued leave is 150 days or greater prior to reimbursement.

An employee, however, is only permitted to exercise one option. The sick leave payment also cannot cause the remaining days to fall below 25 and requests for payment must be submitted by March 15<sup>th</sup> of the succeeding year.

During 1998, the value of unused sick leave was \$166,706.

**Recommendation:**

**The team recommends the township negotiate a \$15,000 cap for unused sick leave to be paid at retirement or prior termination of employment. This would enable the township to predict its liability with a greater degree of accuracy. The potential savings cannot be determined accurately.**

#### **Personal Leave**

Employees are entitled to three non-cumulative days a year to attend to personal matters. Only one personal day may be taken during December.

During 1998, employees accrued and used 549 days, which was valued at \$81,895.

#### **Compensatory Time**

Employees who are required to work on a holiday are entitled to compensatory time off equivalent to 1½ times the hours worked. If the department head determines that compensatory time is impractical, the employee will be paid twice his or her straight time pay rate.

During 1998, employees were given 60 days in compensatory time that was valued at \$9,597.

#### **Observed Holidays**

Employees are entitled to 12 ½ holidays a year or 13 days if Christmas Eve falls on a Monday or a Friday. This is essentially the same holiday allowance that the state follows.

#### **Bereavement Leave**

Employees are entitled to five consecutive days off with pay, upon the death of a parent, stepparent, child, stepchild or foster child. Employees are also entitled to three consecutive days off with pay upon the death of a father-in-law, mother-in-law, grandparent, grandchild, sister, brother and relatives residing in the household.

#### **Jury Duty or Court Appearance**

Employees are entitled to paid leave for the time they serve on a jury or are called as a witness in a civil or criminal case.

#### **Military Duty**

Employees who are members of the National Guard or Reserve are entitled to 15 days leave of absence during the year. Those taking military leaves are paid the difference between their military pay and their normal pay. During interviews the team heard concerns that supervisors were not supportive of employees taking military duty leave. Some felt military reserve membership was informally discouraged. The team reviewed the township's policies and procedures and found that they complied with the state law and regulation. Management may wish to review state and federal law, regulations, and township policy with supervisory staff to ensure that unintended messages contrary to local and state policy are not being communicated.

#### **Absence without Pay**

An employee may be granted a one month leave without pay for personal reasons.

#### **Family and Medical Leave**

An employee is entitled to take up to 12 weeks of unpaid leave to care for a serious health condition, or parent, spouse or child. This also applies to the birth or adoption of a child.

#### **Major Medical and Hospitalization**

The township provides insurance coverage at no cost to its employees and eligible dependents. A traditional, a Preferred Provider Organization (PPO) and a Health Maintenance Organization (HMO) plans are offered in accordance with collective bargaining agreements, each of which has monetary caps that limit the township's contribution to the plans.

The following table reflects the actual 1998 expenditures for major medical and hospitalization and compares those to the 1998 costs that would have been incurred under the State Health Benefits Plan (SHBP). The figures shown under the township plan are based on the total cost coverage category, and there is no distinction made for the delineation of coverage type, i.e., traditional vs. PPO vs. HMO. Records indicate that there were 194 persons covered under the township plan in 1998. Of these, 95% chose the PPO coverage type. The chart below shows that substantial savings would have been enjoyed had the township been covered under the SHBP.

Category	Township PPO Plan	NJ SHBP PPO Plan (w/o prescription)
Single - 56 employees	\$249/mo.	\$167/mo.
Annual Cost	\$167,328	\$112,224
Member/Spouse - 31 employees	\$422/mo.	\$371/mo.
	\$156,984	\$138,012
Family - 92 employees	\$578/mo. = \$638,112/yr.	\$432/mo. = \$476,928/yr.
Parent/Child	\$407/ mo. = \$73,260/ yr.	\$246/ mo. = \$44,280/ yr.
*Total Premium	\$1,035,684	\$771,444

\*Note: Premium rates are rounded.

At the time of the fieldwork the township was proceeding to procure coverage through a newly formed Health Insurance Fund (HIF). More recently, the township has been considering joining the state health benefits plan. We recognize the plans may have differences, however, we do not believe they are so great as to make changing plans unworkable.

The township is commended for initiating a medical payment program that includes a “not to exceed” clause. This helps to protect the township against significant premium fluctuations by limiting the liability associated with increasing medical benefit costs.

#### Recommendations:

The team recommends that the township move forward to join the SHBP. Based on 1998 rates, we compute savings of approximately \$264,240.

**Potential Cost Savings: \$264,240**

**The township may also wish to consider negotiating limits on the cost of coverage provided to dependents.**

#### Prescription Drugs

The township provides a prescription plan for all employees and their eligible dependents, at no cost to the participants. The plan was modified effective December 31, 1998, increasing the co-pay to \$2 for generic prescriptions and \$4 for all others. The former plan allowed \$0 co-pay for generic drugs and \$1 for all others. The township contributed \$225,101 to the employee prescription drug plan in 1998. The team analyzed this expenditure relative to what the township would have spent had they been enrolled in the SHBP prescription drug plan. The result showed joining the SHBP prescription drug plan would save \$53,244 independent of the major medical saving noted above.

**The township is commended for taking the initiative to increase the prescription drug co-pay in an effort to reduce premiums.**

**Recommendation:**

**We recommend the township switch the prescription drug coverage to the NJHB prescription plan.**

**Potential Cost Savings: \$53,244**

**Dental and Vision Care**

**The township provides dental and vision insurance coverage for all employees and their eligible dependents.**

**The vision care program, as well as its premiums, are part of the major medical and hospitalization plan.**

Dental coverage includes 100% of preventive and diagnostic services and 80% of crowns, prosthodontic, and other basic services. The total of all these services is capped at \$1,000 per patient, per year. Orthodontic services are covered at 50% to a lifetime maximum of \$1,000 per eligible, dependent child. During 1998, the township contributed \$103,901 to the employees' dental coverage plan.

**Medical Buy-Out**

The township permits certain employees to remove themselves from the group insurance plan for one year in exchange for a cash reimbursement. If an employee chooses this option, he or she must provide the township with proof of medical coverage by April 15<sup>th</sup>. This is the final date for the employee to reimburse the township according to the following schedule:

	<b>PBA contract</b>	<b>CWA Contract</b>
Single	\$1,175	\$1,000
Parent/Child	\$1,900	\$1,250
Employee/Spouse	\$1,950	\$1,600
Family	\$2,700	\$2,000

This offer is not available to employees covered by the IBEW contract.

The plan is well intended, however participation is quite low. There was only one employee who took advantage of this buy-out in 1998 and one in 1999.

The township should review this plan in an effort to evaluate its effectiveness as a cost-saving tool, particularly when both spouses are township employees. For example, if both parties were covered under a family plan, the township would maintain the same liability of health coverage while reducing revenue to the health provider. This will create an initial cost savings through premium reduction. Where the township is experience rated, however, the underwriters will recognize that revenues have fallen while the exposure remains substantially the same. This could result in across the board premium increases to recover the lost revenue. In cases where actual medical liability can be shifted from the township's experience to another health care provider, the concept is sound.

**Longevity Pay**

The township policy allows for all employees covered by a bargaining agreement to receive additional compensation based upon the length of their service.

Employees covered by the PBA are compensated as follows:

<b>Years of Service</b>	<b>Percent of Annual Base Salary</b>
Starting the 2 <sup>nd</sup> year	2%
Starting the 5 <sup>th</sup> year	3%
Starting the 10 <sup>th</sup> year	4%
Starting the 15 <sup>th</sup> year	5%

Employees covered by the CWA and IBEW contracts are compensated as follows:

<b>Years of Service</b>	<b>Percent of Annual Base Salary</b>
Starting the 5 <sup>th</sup> year	3%
Starting the 10 <sup>th</sup> year	4%
Starting the 15 <sup>th</sup> year	5%

During 1998, the total compensation for longevity pay was \$251,473.

The use of a percentage of base pay to compute longevity is costly to the township. Increases negotiated in regular pay and increases due to promotion automatically result in an additional increase in longevity. Alternatively, many municipalities recognize employee longevity at a fixed amount without regard to base pay. In these municipalities, changes in the amount of the 'lump sum' are subject to negotiations.

**Recommendation:**

We recommend the township negotiate a lump sum longevity provision.

**Clothing and Tool Allowance**

The township provides and/or replaces uniforms and tools for employees, exclusive of clerical staff, who work in the public works, police department and building inspections. A cleaning and maintenance allowance is also provided. These stipends are specific to the department and employee position titles.

During 1998, employees received \$57,175 in uniform and tool allowances.

**Recommendation:**

**We recommend the township negotiate to eliminate the \$750 annual clothing allowance given to detectives to cover the cleaning and maintenance of their garments. Since the detectives wear civilian apparel and are compensated for any damages that occur during the line of duty, the team feels that this stipend is unjustified. In 1998, the township paid \$8,250 in clothing allowance to the 11 detectives employed during the year.**

**Potential Cost Savings: \$8,250**

The township purchases uniforms for employees based on a specified allowance per year. Accordingly, uniformed employees with minimal uniform wear and tear will cost the township the same amount as an employee with greater wear and tear. The NJ State Police use the 'quartermaster system' where items of uniform are replaced when worn out. Officers return the worn item for replacement. This system generally reduces the purchase of unneeded uniform items.

**Recommendation:**



**The team recommends the township adopt a quartermaster system whereby new uniforms are issued upon return of the worn apparel. The team was unable to estimate the savings since the present system does not require the worn uniforms to be turned in.**

#### **Education Incentive Stipend**

The township offers an education incentive policy which includes full payment for tuition, books and fees associated with any course successfully completed that an employee has been requested to attend. The allowances vary among the bargaining agreements and are illustrated below.

- Ordinance No. 47-1990 provides an annual college incentive of \$1,500, \$2,000 and \$2,500 is paid to an employee covered by the PBA contract who receives an Associate, Baccalaureate or Master Degree, respectively, in a job-related course of study. The stipend is paid to employees who earned their degree after being hired by the township as well as to those who received their credentials prior to employment.
- Supervisory level staff, chief, captain, lieutenant and sergeant, are required to earn a degree in criminal justice before they are promoted. For example, the captain and lieutenant must receive a Baccalaureate Degree and the chief and sergeant must earn a Masters and Associate, respectively.
- An employee covered by the IBEW contract may receive an annual college incentive of \$350, and \$750 is paid to an employee covered by the IBEW contract who receives an Associate or Baccalaureate Degree, respectively, in a job-related course of study.
- An employee covered by the CWA contract may receive an annual college incentive of \$500, \$1,000 and \$1,500 when he or she receives an Associate, Baccalaureate or Master Degree, respectively, in a job-related course of study.

During 1998, employees receive \$107,346 as college incentive stipends.

The township is caught in a costly spiral of requiring college for promotional opportunities, agreeing to pay for college tuition and materials for employees in job related courses, and then paying a stipend to an employee for having a degree. While we support the provision of incentives for current employees to further their education, paying an educational stipend to new employees who simply meet the minimum educational requirements for the job is excessive. Likewise, requiring higher education for promotion, paying for tuition and materials and then paying the stipend results in the township paying twice for an employee's education.

In addition, the manner in which the educational stipend is paid is costly to the township. As illustrated in the following tables, adding the stipend to each year's salary magnifies the percent wage increase, and compounds over time. Adding the stipend into the base salary is a less costly approach.

#### **Education Stipend Added to Base Salary**

<b>Employment Year</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Starting Salary</b>	\$30,000	\$31,000	\$32,930	\$34,918	\$36,965
<b>3% Merit Increase</b>	\$0	\$930	\$988	\$1,048	\$1,109
<b>Education Stipend</b>	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<b>Year-end Salary</b>	\$31,000	\$32,930	\$34,918	\$36,965	\$39,074

#### **Education Stipend Included in Base Salary**

<b>Employment Year</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Starting Salary</b>	\$31,000	\$31,000	\$31,930	\$32,888	\$33,875
<b>3% Merit Increase</b>	\$0	\$930	\$958	\$987	\$1,016
<b>Year-end Salary</b>	\$31,000	\$31,930	\$32,888	\$33,875	\$34,891

We believe that this combination of benefits should be modified in labor negotiations.

#### **Recommendation:**

**We recommend that the terms of the education incentives be renegotiated to eliminate the spiral of college requirement, tuition reimbursement, and stipend. We also recommend that the base salary for sworn officers be revised to include the stipend.**

#### **Officer-in-Charge**

A police officer is entitled to a stipend when he or she serves as a senior officer for 45 days, in the absence of the person formally appointed to that position. Compensation is based on the current rate paid to the officer holding the permanent title.

During 1998, police officers received \$5,062 as officer in charge stipends.

#### **Holiday Stipend**

Employees covered by the PBA contract are entitled to 14½ days pay in lieu of the scheduled holidays for municipal employees.

For other employees, holiday pay is only paid to employees who work on the holiday.

During 1998, employees were paid \$223,792 in holiday pay.

#### **Vacation Buy-Back**

The township agrees to buy back up to 30 days of accumulated vacation leave upon retirement. The maximum allowance is based on the contract terms.

Cashing out vacation time upon retirement, rather than having an employee use the time, helps to reduce the township's potential liability to the extent that this establishes a clear point in time when one stops being an employee and becomes a retiree.

During 1998, employees were paid \$4,213 in vacation buy-back stipends.

#### **Other Stipend**

The municipal court judge receives a \$250 stipend for each of 20 special sessions.

During 1998, the judge received \$4,500 in special session stipends.

#### **Meal Allowance**

Employees are entitled to a \$6 meal allowance as well as a one-half hour meal break, after working a 12-hour shift. They are authorized to receive an additional meal allowance and break when they subsequently work an 8-hour shift.

#### **Travel Allowance**

Employees who attend conventions, conferences, seminars, training sessions, or other meetings, with prior approval, are entitled to mileage and meal allowances, hotel lodgings, and incidental expenses.

#### **Personal Vehicle Usage**

Employees who use their personal vehicles in accordance with township business are reimbursed at the current IRS (Internal Revenue Service) mileage rate.

## **PAYROLL PROCESSING**

The payroll runs on a biweekly cycle ending on a Friday. The timekeepers submit the relevant data input sheets to the payroll section on the Wednesday two weeks prior to the pay check distribution date. The payroll section processes the information and forwards the relevant information electronically to the payroll service firm on Monday afternoon. Subsequently, the checks and accompanying reports are prepared and delivered to the payroll section

within one business day. The payroll section validates the reports and prepares the checks for distribution on Friday morning.

**Payroll Service Firm**

The township has been using the same payroll service firm since 1994 and is very pleased with the services provided and relative fee schedule. The payroll changes are linked to a budget worksheet that is used for transfers at year-end.

The service package costs approximately \$6,500 a year and includes but is not limited to the preparation of an estimated 5,575 checks in addition to edit and tax reports and other companion services. The average cost per check for these services is \$1.17. LGBR has found comparable payroll services costing between \$2.50 and \$3.00. Payroll service contracts are subject to the Local Public Contracts Law. Accordingly, the LGBR team encourages the township to solicit proposals periodically to confirm the service continues to be cost-effective.

### **Direct Deposit**

The payroll service firm provides for direct deposit of the taxes and contributions to the state and federal agencies on Wednesday after the township payroll staff has reviewed and approved the information. In addition, employees can opt to have their payroll check on direct deposit. There are 132 or 55% of the 238 township employees, using direct deposit.

There are many advantages to direct deposit for both employees and the township:

- reduces check printing;
- increases security;
- expedites bank reconciliation process;
- reduces stop payments;
- establishes up-to-date bank balances sooner;
- saves employee time; and
- employee benefits from the participating bank such as free regular checking; free Automated Teller Machine (ATM) cards; discount on loan and mortgage rates.

The efficiencies and security provided to the township both in reconciling the payroll account and avoiding the stop payment and re-issuance of lost or mutilated checks will increase if direct deposit is mandatory for all employees. Requiring new employees to enroll in direct deposit is an initial step.

### **Recommendation:**

**The LGBR team recommends that the township require that new employees enroll in the direct deposit feature.**

### **Timekeeping**

Timekeepers are assigned to the finance, police, public works, township clerk, municipal court, fire inspection and tax collector's offices. They are responsible for maintaining employee time card data. This includes collecting, verifying and recording the information as well as submitting relevant facts to the payroll staff in the finance department.

In the police department a uniformed officer and the police chief's secretary share the responsibilities for the timekeeping and payroll functions. Since this is the largest work group and has a variety of position levels including sworn officers and civilians, the scope of the timekeeping function is more involved.

One person from each work group is assigned to handle the timekeeping and payroll functions, and typically one staff person from the same group is available as a backup.

All employees covered by the IBEW contract, as well as the police chief's secretary and the two secretaries in the administrative office, are required to "clock in and out" at the beginning and end of the workday, respectively. The time clocks are set to allow an employee to "punch in" up to 10 minutes before his or her regular start time. The system deducts 15 minutes every quarter of an hour when an employee "clocks in" between 10 and 14 minutes late. There are three time clocks installed at various locations:

- inside the public works facility office – this clock is used exclusively by the public works department;
- outside the break room adjacent to the police department – this clock is for the police dispatchers, the clerical staff and the municipal court personnel; and
- inside the mailroom on the main floor of the administration building – all the personnel that were not previously mentioned use this time clock.

The timekeeping system is dated and cannot accommodate the township's present needs. Moreover, the card readers are obsolete and parts have to be salvaged from non-operational units.

All timesheets and timecards have to be approved and signed by every department head. The police department uses various forms and worksheets that were developed by the timekeepers to assist them with the recording, monitoring and reporting of time worked as well as leave balances. The timekeeping and payroll information is subject to an annual audit wherein the timecards are referenced.

### **Timekeeping System Issues**

A number of issues were noted by the team and/or those interviewed:

- The time period recorded on the timecard does not match the current biweekly pay period. The cards reflect one week from each of two pay periods. The department submitting the timesheets has to adjust everyone's timecard to account for the specific two-week period being reported. Likewise, the payroll section has to make adjustments. Consequently, this causes confusion, frustration, time wasted and it leads to inaccurate reporting.
- The time clocks do not allow for adjustments when an employee works his or her seven and one-half hours but is not on the premises for the required eight hours. For example, an employee punches in, but is in the field at the end of the workday. Manual adjustments are also required when an employee arrives at work one-half hour late or leaves one-half early but does not take a lunch break.
- Discrepancies appear regularly, generally concerning leave time, due to the recording of information by three or four different people. When monthly reports are prepared, timekeepers review and correct the records accordingly and notify the payroll office as needed. The timekeepers work closely with the payroll section to ensure that the records are kept in harmony. The departments as a whole maintain excellent records and employ the necessary checks and balances to ensure that the system works effectively; however, systemic inefficiencies need to be addressed.
- Some of the timekeepers key information onto a worksheet and/or document and submit it to the payroll section where it is re-keyed and entered in the payroll system. Other timekeepers continue to use a manual system since access to a computer is either limited or non-existent. These conditions should be eliminated after the township's computer technology initiatives are accomplished.
- According to the eight timekeepers that the LGBR team interviewed, the timekeeping and payroll-related functions require an estimated 10 minutes to four hours per pay period.

Our sample ranged from an administrative work group of five salaried employees where changes to time cards and timesheets are infrequent and nonrecurring. Hence, the preparation and processing functions require very low maintenance. In contrast, the police department consists of over 100 employees covered by two collective bargaining agreements, independent contracts and non-contractual arrangements. This variety of positions lends itself to recurring changes to the time cards and timesheets by virtue of different employee benefits and contractual clauses. Consequently, the functions in this work group require high maintenance.

- Exceptions and changes are noted on the time cards as well as on the leave request forms. These changes are redundant and should not appear on the timecard because they delay the processing in the user departments as well as in the payroll section. Alterations to a timecard also lend themselves to erroneous entries.
- Accrued leave information is included on each pay stub. Because the information is often out of date when pay stubs are distributed, those involved in payroll spend time responding to employee inquiries concerning discrepancies.

The team met representatives of the firm that supplied the timekeeping system. The representatives of the firm concurred that staff efficiencies could be readily achieved, but were not able to quantify timesaving without additional information from the township staff. During the period of our fieldwork, township management declined to meet with the timekeeping firm. Accordingly, we have not estimated the productivity enhancement or the cost of the improved system.

#### **Recommendations:**

##### **We recommend:**

- **Management reviews the existing system to eliminate the redundant processing, and standardize the worksheets.**
- **The township installs a modern timekeeping system that will electronically converse with the payroll system.**
- **That the leave balances be eliminated from the paycheck stub and replaced with a one-page report and distributed to the employees monthly.**
- **That the information that is presently keyed by the user department and the payroll section be keyed one time. The elimination of the dual processing will result in fewer discrepancies and reduced processing time.**
- **That the data input documents be made uniform for all departments. The team suggested various changes to the township administrator, finance officer, payroll staff and various user departments.**
- **That the timekeepers train another person in their work group to serve as a backup. This action will help to ensure timely processing, consistency, accuracy in report and data preparation.**

### **MUNICIPAL CLERK**

Seven employees including the municipal clerk, the deputy clerk and five clerical employees staff the municipal clerk's office. The total base salary for this department in 1998 was \$227,651, with an additional \$80,476 in direct benefits, for a total employee position cost of \$308,127. The other expense portion of the budget totaled \$45,130. The staff views the clerk's office as the general information center for the township. Many of the duties of the municipal clerk are statutory including secretary to the governing body, secretary to the municipal corporation, election official, and registrar of vital statistics. In addition, the office performs many administrative duties relating to a variety of licenses and citizen complaints and questions. Arguably, maintaining the records of a municipality is the single most important responsibility in the clerk's office.

#### **Codification**

A municipality's adoption of an ordinance is a significant act establishing legal obligations for citizens and businesses. Ordinances also communicate public policy to those affected. It is important that citizens, municipal employees and others having affairs with a municipality have a single resource from which they can easily find all of the laws and policies that the municipality has adopted. The orderly compilation of these ordinances is called codification and results in the development of a code book. For a code book to be serviceable it must be supplemented with new material and updated to reflect current practice and the evolution of relevant law.

EHT first published the code in 1987 and it was republished in 1992. The Egg Harbor Township Code is updated each year. The clerk's office administers the yearly updates and distributes the new sections to all departments. A total of 60 books are maintained in this fashion.

**The team commends the township for their diligence in maintaining their Municipal Code.**

## **Records Storage**

The clerk maintains current year and previous year files in the clerk's office. The balance of the records is stored in a secured basement storage area. Many staff members indicated that the various municipal offices generate an overwhelming amount of documents, most of which are also stored in the basement. As a result, this area has become quite full. The team learned that no one person is specifically responsible for reviewing these records for destruction. Records retention, and the associated destruction of out-dated records, is not considered a high priority. Another factor, which contributes to the low priority of record destruction, is the perceived need to use shredding equipment for record destruction. There is one shredder in the building, housed in the police department. It is available for use by all departments by appointment. The clerk's office staff estimates that it takes two people about one hour to shred one large storage box of records. Based on the employee position cost of the two lowest paid employees in the clerk's office, each box of records destroyed in this manner cost \$30.11 in labor. There are currently 21 boxes of records that have been approved for destruction by the State Library, Division of Archives. Under the existing system of destruction, these boxes would cost EHT \$632.31 to shred. Most, if not all, of this material is public information that is not protected by confidentiality laws. As such, the material could be recycled. The Atlantic County Utilities Authority will pick up this material at curbside and recycle it at no additional cost to the township.

The deputy clerk has begun a program to facilitate records retention and destruction by: 1) organizing records to be placed in storage according to date of destruction, and 2) reviewing individual records already stored, identifying those which can now be destroyed and reorganizing the rest according to date of destruction. Not including the 21 boxes referenced above, the last approval for record's destruction within the clerk's office was in 1994.

The township may wish to consider using document imaging to electronically store non-permanent documents similar to the system used in the EHT police records section. We understand programs are available which meet the requirements of the State Library, Division of Archives. Microfiche or paper records are still required for archival storage. The team understands that there are imaging systems available which can create both an electronic file and a microfiche. The estimated cost for this type of imaging systems is approximately \$25,000. It may be possible to use such equipment in concert with the police record function to improve the record keeping in that area as well. The team is also familiar with municipalities that have successfully used college students as summer help to cull existing records eligible for destruction. We estimate that a seasonal employee hired for eight weeks at \$10 per hour will cost \$2,800.

## **Recommendations:**

**We recommend that a township-wide plan regarding record retention be implemented. Such a plan should include a review of the record's retention requirements with a responsible person in each department.**

**We recommend discontinuing shredding of most documents and recycling all non-confidential records. We estimate recycling 100 boxes will save over \$3,000 in staff time, enhancing productivity.**

**We recommend the one-time use of seasonal help to cull records and clearly label boxes with destruction dates.**

**Productivity Enhancement: \$3,000**

**Value Added Expense: \$2,800**

## **Minutes of Municipal Meetings**

The township committee meets on the second and fourth Wednesdays of each month. They hold their workshops at 7:00 p.m. and their regular meetings at 8:00 p.m. The clerk and the deputy clerk routinely alternate attendance at night meetings. The deputy clerk is responsible for developing all regular meeting minutes while another member of the staff handles the workshop minutes. The deputy clerk transcribes the minutes from her own notes and those of the clerk. This does not appear to be a problem since they have worked together in the clerk's office for over 10 years and each is familiar with the general flow of the municipal meetings and the other's style of note taking. The clerk meets with the deputy clerk on the morning following each meeting to review the agenda and plan out the action to be taken as a result of the prior night's meeting. The clerical staff member who develops the workshop minutes does not attend any meetings in person; instead, she transcribes the minutes from notes taken by the clerk.

and deputy clerk. As a result, she is somewhat at a disadvantage. We believe that the person attending the meeting could transcribe minutes more efficiently.

The team is aware that EHT experienced problems completing meeting minutes back in the late 1980's and early 1990's. The clerk has taken some steps to generate missing records from meeting notes. The clerk reports that notes are not available from all meetings, and accordingly, it may not be possible to reconstruct minutes for those meetings. Recording the meeting would eliminate problems that result from persons not attending the meeting attempting to prepare minutes for the meeting. We believe that the clerk should make a concentrated effort to complete the reconstruction of the old minutes where possible and close the matter at the earliest possible opportunity. The team's review of the minutes dating back through 1995 indicate that council minutes, including regular meetings, closed session and special meetings, are completed and approved by the township committee.

### **General Observations**

The clerk's office is organized with the municipal clerk as chief administrator for the department. Aside from the duties described above, she plans the budget for the department and is responsible for personnel administration, statutory compliance and coordination with the township administration. The day to day supervision of the staff falls to the deputy clerk. In addition to duties involving minutes, she also has the primary responsibility for renewing or issuing township liquor licenses and the coordination of elections, which include school, primary, and general elections. Both the clerk and the deputy clerk are registered municipal clerks. The office receives continual phone inquiries regarding a variety of issues. These calls are handled by the staff as they come in, with the least senior member having the primary duty to answer the phones. A similar process is used to provide service to those citizens who come to the clerk's office in person.

The township committee established a rent review board in 1977 to provide rent control over the various rental properties within the township. A member of the municipal clerk's staff serves as the secretary to the rent review board without additional compensation. In that capacity, the staff member accepts and accounts for all rent increase applications and application fees, advertises for and organizes the subsequent meetings, records the meetings and answers all appropriate inquiries regarding the rent review board in the interim.

### **Fees and Licenses**

Another function of the clerk's office is to issue certain licenses, collect fees and administer other statutory and contractual arrangements for the township. The primary responsibility for each of these various functions, and the corresponding paperwork, monitoring and follow up associated with each, is assigned to the staff members. The clerk's office administers 30 various fees, licenses and other transactions amounting to \$491,189 in 1998.

### **Citizen Complaints**

In many municipalities the clerk's office serves as the focal point for communication between the local government and community it serves. In this respect, the clerk's office is often the recipient of complaints from the community on almost any topic. In EHT the most prevalent complaints concern property maintenance issues. The EHT clerk has established a formal procedure to deal with complaints. Every complainant is asked to fill out a simple form showing their name and address and the nature of the complaint. If the complaint is phoned in, the caller is mailed the form for completion. Once the form is filled out, the clerk logs it in, forwards it to the appropriate department with a brief cover letter and notes an expected date when action is anticipated. This log is reviewed weekly and follow up memos are sent to the appropriate departments if there is no response beyond the expected date of action. When action is taken, either correcting a situation or a determination is made that no action is warranted, the clerk sends a letter to the complainant advising them of the action taken and what department is taking the action. This process insures that every citizen who is willing to record a complaint will have that complaint investigated and receives a response in a reasonable period of time. The clerk has been doing this since 1997 when 35 complaints were logged. Since then, the number has risen to 41 in 1998 and 26 so far in 1999.

**The team commends the township for taking formal steps to record, monitor and follow up on citizen complaints.**



## ANIMAL CONTROL

The township provides animal control services for its citizens through a combination of three basic functions: dog licensing, animal control services, and animal shelter services. Comparing the licensing revenue of \$5,760 with the cost of the animal control contract of \$11,640, indicates that animal control is not self-sufficient by at least \$5,880. This comparison did not include the costs of providing the rabies clinic or the cost of licensing supplies, which we estimate to be an additional \$2,000. Funds needed beyond the revenue collected are provided through the municipal budget.

### **Licensing and Canvass**

N.J.S.A. 4:19-15 et. seq. requires that municipalities provide for the licensing of all dogs within the community. This includes the issuance of numbered tags that correspond to each license sold. State law and the EHT Code (section 97-16) also require that a canvass of all dogs owned, kept or harbored within the municipality be conducted at least once every other year. Egg Harbor Township provides for the licensing and tagging of dogs through its municipal clerk's office. This office also organizes and conducts a yearly dog clinic through which rabies inoculations are made available to all eligible dogs at no cost to the dog owner. Municipal records show that 1,048 dog licenses were sold in 1998. Revenue from these sales generated \$5,760 in revenue for the township. The revenue reflects that 75% of the dogs are not spayed/neutered, and 9% were late obtaining their license. Records also show that there are at least 10,800 residential units in EHT. The American Veterinary Medical Association, Center for Information Management, reports that 28% of all households have dogs. Additionally, dog owning households own, on average 1.5 dogs. Based on the American Veterinary Medical Association projection we estimate EHT has approximately 4,536 dogs. Accordingly, we believe that a more complete canvass of the township and enforcement of the licensing ordinance could increase dog license revenue by \$13,952, assuming each additional dog is licensed at the \$4.00 annual fee for spayed/neutered dogs. At the time of our fieldwork, the township retained \$2.80 of the license fee. Accordingly, the additional revenue is estimated at \$9,766.

According to the township clerk, the township does conduct a dog canvass each year under the supervision of the police department, however it is incomplete. The canvass covers only selected neighborhoods, not the entire township. Explorer Scouts are used as canvassers. The Explorer Scout Troop is paid \$1 per license sold pursuant to the canvass. Were the township to do a complete canvass every other year, at the current rate of \$1 per license, the initial canvas would cost about \$3,500. Subsequent canvasses would be less expensive because citizen compliance will be higher.

We understand the scouts volunteer their time under the supervision of the police and the township contributes an amount to the scout troop. Accordingly, it appears that the individual scouts are volunteering and the township is paying the troop for the volunteer effort. We understand that generally scout organizations have broad insurance protection. It was not clear from those interviewed if the township had obtained a certificate of insurance from the troop or how the JIF covering the township treated volunteers with regard to liability. If the individual scouts are paid, workers' compensation coverage should be addressed as well.

### **Recommendations:**

**We recommend the township conduct a complete dog canvass, and otherwise enforce the dog-licensing ordinance.**

**Revenue Enhancement: \$9,766**

**We recommend the township verify that proper coverage is in place for volunteers such as the scouts.**

Currently, the township charges \$7, the maximum dog license fee permitted by N.J.S.A. 4:19-15.12. The ordinance discounts the fee to \$4 for spayed/neutered dogs. In addition to the municipal fee for the license, state law (N.J.S.A. 4:19-15.1 et. seq.) imposes \$1.20 in state fees for dogs and an additional \$3 for dogs not spayed/neutered. State law permits the township to collect the state fees in addition to the municipal fee.

he team learned that in EHT, the state fees are included in the basic licensing \$7. Accordingly, rather than collecting the fee specified in the code, the township only retains \$2.80 of any dog license issued. Were the township to collect the fees as prescribed by the code for the currently licensed dogs, the township would increase revenue by \$4,401.

#### Recommendation:

**We recommend the township collect the dog license fee as prescribed by the code.**

**Revenue Enhancement: \$4,401**

#### **Animal Control Contract Services**

Bids for animal control services were solicited in late 1998 and resulted in a two-year contract being issued to a private firm. The request for proposals resulted in two bids. The contract cost was \$11,640 per year for 1997-1998. We understand that there was no increase for the 1999-2000 contract period.

The services provided by the contractor include daily patrol of the township to pick up any stray dogs, dogs running at large, and dead/injured dogs and cats. The firm also serves as the Animal Control Officer (ACO) and is responsible for enforcing township ordinances and state statutes regarding domestic animals. In this capacity the officer has the authority to issue summonses for any violation that he observes including licensing violations, animals running at large, or other animal control. The police dispatchers receive most of the calls for animal control service and relayed to the ACO, however, the contractor does publish a phone number for township residents to call directly. A small number of calls are forwarded from the Atlantic County Animal Shelter. Citizens who request the ACO to remove privately owned animals must pay privately for that service.

#### **Animal Shelter**

Stray animals are taken to a regional animal shelter operated by Atlantic County. This shelter is funded by the county through a county health tax and takes in animals from throughout Atlantic County. The township is not charged any additional amount for this service. The main functions of the shelter are to temporarily care for lost animals until the animal can be returned to its owner, encourage animal adoption where appropriate, provide rabies quarantine as needed, and to euthanize unclaimed animals.

We commend the township and the county for cooperating to provide this service regionally.

### **Tax Collection**

The Office of the Municipal Tax Collector is staffed with four full-time employees including the tax collector, the deputy tax collector and two clerks. These employees bill and collect taxes from the owners of the 15,125 properties in the township. This number will continue to rise due to the growth that the township is experiencing. The office also produces approximately 6,000 advise copies of tax bills each year which are notices sent to property owners, whose taxes are paid through a mortgage company, advising them of the tax bill. The tax bills are printed, burst and mailed in-house. Tax bills are mailed out annually in June or July and payments are received quarterly. This office also bills and collects special assessments that have been established in neighborhoods benefiting from a capital improvement. There are six outstanding special assessment projects, which generate approximately 400 bills each year.

The salary and wage expenditures for this department were \$175,380 in 1998. The total amount spent for other expenses during this same period, was \$31,222. Fully-loaded wage costs were \$238,889. The total department cost was \$270,111.

The office takes advantage of available technology to process its tax bills. Bills are printed with bar codes that provide electronic information such as the block and lot of the parcel, ownership information and taxes due. When payment is made, the returned bill is scanned, the payment is compared to the amount due and, if no changes are required, the payment is recorded with the push of a button. Similarly, major mortgage companies provide tax

payments for their customers accompanied by an electronic tape containing all of the pertinent information for each property involved. This information is 'input' into municipal computers and allows hundreds of tax payments to be processed in minutes. Staff estimates that approximately 4,000 tax payments are processed in this manner each quarter.

Other municipalities have used an automated telephone answering system to handle many routine tax questions taxpayers, title companies, and others may have, such as taxes paid last year, last quarter, and amounts due at any time. Old Bridge Township in Middlesex County successfully implemented such a system with positive comments from taxpayers, lawyers, and realtors. Calls handled through the automated system leave additional staff time for other functions and those calling can have many questions answered outside of the normal office hours.

Local Government Budget Review has established a benchmark of between 3,000 and 4,000 accounts per staff person in municipal tax offices. The EHT tax collector office is operating at approximately 4,300 accounts per person when one includes special assessments and municipal service fee accounts. While we commend the staff for maintaining superior levels of efficiency, we are concerned that if account/staff ratios become greater, important duties may not receive adequate attention or be left undone due to the press of other business. In addition, the anticipated growth in the township will demand more staff time. Efficiencies can be achieved through automation to allow staff to keep up with the growth. Recommendations to improve automation are discussed in the special assessment and municipal service fee sections of this report. We also recommend cooperative efforts with the MUA staff in the MUA section of this report.

**We commend the tax collection office for their utilization of technology to streamline the tax collection process.**

#### **Recommendations:**

**We recommend the collector explore the cost of having tax bills printed, burst, and decollated by a contractor rather than in house. Other municipalities have found the cost to be minimal, and the resulting staff time more valuable for other functions.**

**We also recommend exploring the use of automated telephone inquiry systems for routine tax questions.**

#### **Delinquent Taxes**

Delinquent taxpayers have liens placed on the relevant property. Annually, these liens are offered for public sale. The township tax lien sale typically includes 500 to 750 properties each year. Traditionally tax lien sales occurred during the year after the delinquency. An accelerated sale allows a municipality to sell liens on delinquent properties in the same year that they become delinquent rather than waiting until the following year for the sale. The township held its first accelerated tax sale in 1998. We discuss budgetary concerns that accelerated sales create in the budget section of this report.

The municipal treasury automatically holds any liens that are not sold during the tax sale. A municipality can begin foreclosure proceedings after holding a lien six months. Generally speaking, it is a benefit for the municipality to foreclose and take ownership of the properties as soon as possible. By doing so, the municipality gains a parcel that could be made available for public use and it removes a parcel from the tax rolls, reducing the need to budget for uncollected taxes. If not needed for public purposes, the land can be sold and returned to the tax rolls. The township began its last foreclosure proceedings in 1997 on 72 properties. As of the end of 1998, 14 have redeemed their liens and the proceedings are moving forward on the balance. Final judgment on the remaining properties is expected in 1999. There are 11 properties still eligible for foreclosure on which EHT has not begun proceedings. These properties are valued at \$379,200. Of the 11 properties, two are old landfills and one is an abandoned gravel pit. The 11 properties have a total assessed value of \$312,900.

The gravel pit, valued at \$175,300, was recently released from bankruptcy and the township has subsequently given authorization to begin foreclosure proceedings. The two remaining landfills are listed as Superfund sites. The inherent liability associated with them has properly caused EHT to be cautious about foreclosing. The remaining sites are small retention basins that were to have been maintained by respective homeowners associations. The

associations never met their responsibilities to assume the maintenance of common property, and the developer has finished the project. The township has recouped delinquent taxes on similar sites in the past by waiting for the delinquent developer to seek approvals on new projects. They are then required to satisfy all liens as a condition of any new approval. Those interviewed reported it is the township's position to continue this practice with these remaining, delinquent retention basins. It was not clear how the township planned to address liens for which a former developer does not accept responsibility.

This problem has occurred in a number of municipalities where homeowner associations were responsible for functions of limited interest to the owners involved. Ordinary legal recourse of an aggrieved party is cumbersome, and in the case of a municipality becomes politically undesirable.

Current state law does not adequately address a municipality's recourse in the case where a municipality has given land use approvals to developers with the inducement that certain quasi-public improvements will be maintained by the future owners homeowners; and an association only functions until the developer finishes the project. Those interviewed reported that such problems simply become the municipality's problem. The team has included this issue as a recommended statutory/regulatory reform.

Among suburban towns in New Jersey a collection rate of 95% is very common. The township had a collection rate of 99.38% (97.94% without the benefit of the accelerated sale) in 1998. Except for 1996, collection rates have been rising steadily over the last five years, finally breaking the 95% plateau in 1997. The office sends out quarterly delinquent notices and has recently begun to make some calls to encourage payments. Below is a synopsis of the collection rates for the last five years:

<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
92.71%	93.48%	91.97%	95.42%	99.38% (actual 97.94%)

**We commend the tax collector and the staff for their efforts at improving the tax collection rate. We encourage continued efforts to maintain the collection rate.**

### **Special Assessments**

The tax office utilizes one of the commercially available municipal software packages designed for tax and special assessment billing and collection. However, the software for special assessments was modified at the insistence of the township officials to calculate interest in a manner not consistent with statute. In an attempt to correct the unforeseen consequences of using the modified software, staff members created a spreadsheet program to calculate and process special assessment payments. Special assessments are input into the spreadsheet program and the results are compared to the municipal software figures. Corrections are made to the main software based on the information from the spreadsheet program. This duplication of effort is a source of concern for the staff and can take up to five days for each billing cycle (three per year), and prevent month-end closing of the municipal software program until all corrections are made.

### **Recommendations:**

We recommend the township attorney and tax collector review the law regarding special assessments and verify interests and payments are calculated according to statute. We further recommend working with the software vendor to reinstall the correct version of the software for all existing accounts, particularly if future special assessments are anticipated.

### **Account Changes**

Frequently, account information changes such as name, address, and mortgage code are required. This information must be processed through both the assessor and collector's office. The collection office and the tax assessor's office use software packages that are not designed to communicate with the other software. As a result, any information shared by both offices must be manually input into each system. This is another source of duplication that could be eliminated by utilization of software to integrate the computer systems.

**Recommendation:**

**The collector and the assessor should investigate integrated municipal computer systems that would allow both offices to update information without duplication of effort. We believe this recommendation should be considered in concert with the recommendations made in the technology section of this report.**

**Municipal Service Fee**

The office also processes municipal services fees, which are fees charged to mobile home facility owners and used to offset the cost of municipal services provided by the township. The fee is necessary because mobile homes are considered personal property and not real estate, yet require all the routine police, fire, sanitation, and school services that any other residential property requires. The owner of the mobile home park paid \$17 per month in 1998 for each mobile home site occupied. Annually, the tax office sends out a form to each of the 22 mobile home park owners asking for property information and the number of pad sites occupied. The owner is asked to duplicate the form and return it quarterly along with a remittance for each pad site occupied. These figures are then verified by comparing the information provided to the number of units they are licensed for. In 1998, 1,977 units were billed, resulting in revenue of \$100,827.

The tax office has the ability to create a municipal service bill with four stubs and a bar code, similar to a tax bill, and preprinted with the exact amount of the fee due based on information already available to the tax office. The bill could be processed similar to a utility bill utilizing their existing municipal software program. This would eliminate the need to verify the remittance each quarter and would streamline processing the fees.

**Recommendation:**

**We recommend revising the municipal service fee billing and collection system to streamline the process.**

The team reviewed the township's municipal service fee. We compared the existing fee with the potential tax revenue based on the estimated value of a mobile home multiplied by the 1998 general tax rate, including school, county and local purpose taxes. The result was a fee of \$47.53 per month. We recognize that like apartments or condominiums, a number of services typically provided by the municipal government are provided by the park owners. These services include trash collection and disposal, road maintenance, street lighting, and fire hydrant rent. Adjusting for these budget items, we believe a monthly fee of approximately \$40 per pad site would more closely approximate the cost of school, municipal and county services that are not reflected in the property tax based on the land value alone. Were the township to collect a \$40 per month fee per unit rather than the \$17 fee currently in place, the increase in revenue would be \$545,652. Of that amount, \$335,575 would be attributed to school tax, \$65,478 would be local purpose tax, and the balance attributed to the various county taxes.

**Recommendation:**

**We recommend the township reevaluate the municipal service fee and consider increasing it over several years to \$40 per month.**

**Revenue Enhancement: \$545,652**

**Overpayments**

The review of the tax office shows the office is experiencing some difficulty with some older tax overpayments. These overpayments total nearly \$72,500. The tax collector's office is currently attempting to investigate and process the older overpayments. Since many of the overpayments are old, and property transfers and refinancing have occurred in the intervening years, the research is very difficult and requires a great deal of time and research. The collector reports that she and the deputy collector are gradually researching the overpayments as time allows.

The staff appears diligent in watching for new overpayments and resolving them as they occur. This is an important function, because unlike other bills, the tax bill does not show credits or balances due. Accordingly, while a balance due will receive a delinquent notice, overpayments can remain unresolved for an extended period if not identified promptly.

Large overpayments typically occur when a taxpayer refinances or pays off a mortgage and both the property owner and mortgage companies make payments. This requires the tax collector to verify which party is due the refund. Overpayments of small amounts occur when a taxpayer, who is typically not paying tax through a mortgage company, forgets a payment and gets a delinquent notice. The notice includes an interest calculation to a future date. Often the taxpayer pays the total amount on the notice without contacting the tax office for a precise calculation of interest.

#### Recommendation:

**We recommend the collector make a concerted effort to reconcile the older overpayments as quickly as possible.**

### TAX ASSESSOR

Egg Harbor Township is the third largest municipality in Atlantic County when comparing the total number of line items, but ranks second in their Total Equalized Valuation. Atlantic City has the largest valuation base due to the casino industry. The 1998 Atlantic County Abstract of Ratables reports Egg Harbor Township has an Equalized Valuation of \$1,550,717,960. This is based on the valuation of \$1,437,092,550 being at 93.6% of the market value. The following is a summary of the ratable base for the last three years:

#### Egg Harbor Township Ratable Base

<b><u>Property Type</u></b>	<b><u>1998 # Line Items</u></b>	<b><u>1997 # Line Items</u></b>	<b><u>1996 # Line Items</u></b>
Vacant Land	\$5,372	\$5,468	\$5,338
Residential	\$8,496	\$8,225	\$8,106
Farmland/QFarm	19/40	21/47	21/47
Commercial/Ind.	\$822	\$828	\$831
<b>Total</b>	<b>\$14,749</b>	<b>\$14,589</b>	<b>\$14,343</b>

<b><u>Property Type</u></b>	<b><u>1998 Valuation</u></b>	<b><u>1997 Valuation</u></b>	<b><u>1996 Valuation</u></b>
Vacant Land	\$134,978,700	\$36,568,300	\$136,949,900
Residential	\$909,596,600	\$865,669,800	\$848,460,500
Farmland/Q Farm	\$3,217,450	\$3,337,000	\$3,292,600
Commercial/Ind.	\$389,299,800	\$387,738,300	\$374,909,300
<b>Total Net Valuation (not equalized)</b>	<b>\$1,437,092,550</b>	<b>\$1,393,313,400</b>	<b>\$1,363,612,300</b>
Exempt Properties	\$244,069,200	\$241,994,500	\$237,037,100
General Tax Rate	2.234	2.237	2.183
Equalization Ratio	93.96%	94.62%	91.97%

The municipality has a combined Vacant Land and Residential Ratable Base of 94%. This represents 73% of the total assessed valuation. The 822 commercial properties are 6% of the total line items, but 27% of the total assessed valuation. The shore mall, professional corporate office buildings, various strip shopping centers, hotels and recreation businesses, characterize this moderately strong commercial base. The number of commercial line items has decreased each year due to demolitions and assemblages. The tax assessor did indicate that some commercial areas are declining due to the age of the properties. She is monitoring this closely and will make any value changes when required.

The growth in the township has been primarily residential in nature, with 227 new homes and 6 new commercial properties in the 1998 added assessment list. The assessor has indicated that the steady growth is anticipated to continue since there were 36 subdivision approvals granted in 1998. Realizing that an abundance of growth has an impact on the services to be provided and the school population, the township revised the zoning requirements in 1997 to try to slow down the growth. Approximately 1,100 properties have been affected by increasing the minimum frontage from 100' to 150' and 150' to 200'. This change can have an impact on vacant lots that may no longer be buildable without a variance and require a reduction in the assessed value.

The municipality has maintained a steady tax rate since the revaluation in 1996. An analysis of the annual taxes indicates that 11% of taxes are to support local expenditures, while 64% of taxes are for the district schools and 25% of taxes are for County Government Services. The increase in the township valuation each year through added assessments helps to offset the necessary increase in annual expenditures.

### **Budget**

The assessor's office had an approved 1998 fiscal budget of \$125,694. This amount is allocated with \$83,144. Sixty six percent in salary and wages (\$24,500), 19% in contractual services (\$18,050), and 15% in other expenses. The fully-loaded wage costs were \$123,175. The International Association of Assessing Officers (IAAO) standards indicate an acceptable range of 80-85 percent for salaries. In EHT the salaries and benefits represent approximately 74% of the total budget. If the recommendation to add an additional staff member were accepted, the ratio would increase to approximately 93%. The other expenses include \$14,000 for computer maintenance fee. This equals approximately \$.95 per line item. The office utilizes a well-respected computer service for its records, and is on-line with the County Tax Board. Recommendations concerning having the assessing software communicate with the tax collector's software is discussed in the tax collector section of this report.

Nationally, the average cost per line item is \$10 - \$12. Based on the approved 1998 fiscal budget, the EHT assessor's office is functioning at \$8.52 per line item.

### **Office Staff and Operations**

The tax assessor has served in this capacity since October, 1994, and works full-time (40 hours/week) performing all statutory functions. She is supported with two, full-time staff members and one contractual field worker.

The assessor obtained the required certification as a tax assessor in June, 1994. Prior to being appointed as the tax assessor, she worked for Egg Harbor Township as an Assessing Clerk II for four years. She has a total of 14 years of valuation experience, which includes nine years in tax assessing and five years in the private sector. Based on extensive contact with the assessor during this audit, we have determined that the assessor is well-qualified for the position and possesses the experience and knowledge to perform the job based on the make-up of the municipality.

The two, full-time assessing clerks have worked in this office for three and four years, respectively. Neither clerk is working toward obtaining a certification (CTA). The requirements to become a CTA include the satisfactory completion of a state examination and either four years of college education, four years of full-time experience in real estate appraisal work or property assessment work, or a combination of college education and appraisal or assessment work equaling four years.

The field worker has been a contractor with the assessor's office for two years. He is responsible for inspecting all new custom homes and improvements made to existing homes and then entering the information in the computer. The assessor inspects the tract homes. The assessor will go out and review the exterior of a custom home since she is responsible for the final valuation. The field worker is compensated per inspection: \$12/improvement, \$25/new house and \$35/commercial property. The assessor will usually inspect and value most of the commercial properties. The contract fieldworker is required to provide an auto for his work. The contractor had not provided a certificate of insurance to the township demonstrating adequate personal and auto liability coverage.

### **Recommendation:**

We recommend the township require all contractors to supply certificates of insurance in a form acceptable to the JIF.

Based on the International Association of Assessing Officers (IAAO) standards, an assessing office responsible for 15,000 line items should have between 5-6 employees.

The growth of the township also impacts on the volume of work generated in the assessor's office. Residential growth requires an extensive amount of time associated with the sub-divisions such as creating the block and lots, valuing each separate lot, updating the tax map, and filing roll-back complaints on prior farmland. In addition, the volume of sales increase resulting in the clerks having to process more deeds. To stimulate commercial growth, the township instituted an abatement program. This requires staff time to properly value the property at the time the abatement is applied and to restore the correct assessment when the abatement ends. Intervening reassessments and/or abatements complicate these transactions further.

The review team compared staffing levels between Egg Harbor Township and Galloway Township. Galloway was selected because it has similar characteristics regarding the volume of new homes each year, the number of deeds processed and the number of line items.

**Egg Harbor Township**

1-F/T Tax Assessor  
2-F/T Clerks  
1-P/T Field Worker

277 new homes – 1998  
\$37,706,200 in Added Assessments

**Galloway Township**

1-F/T Tax Assessor  
1-F/T Clerk  
1-F/T Clerk/Field Worker  
2-F/T Field Workers

254 new homes - 1998  
\$35,813,900 in Added Assessments

Based on the IAAO recommended staffing levels and the comparison by the team, we conclude the assessor's office is understaffed.

The assessor is very diligent in getting the inspections done throughout the year, and acknowledges that the added assessment work is one of the most important functions in the office. The basic work of the office and added assessments are getting completed. The staff, including the assessor, handles routine clerical functions. The assessor reports that new deeds are not always processed in a timely manner and sales information is not being completely investigated to determine its usability. This process is important for the annual ratio study. Ideally, the assessor should closely monitor sales and adjust assessments when warranted.



Proper staffing and a diligent effort at monitoring sales and adjusting assessments will forestall the need for a costly revaluation in the future. Based on the township salary scale and benefits we estimate the cost of a new entry-level employee at \$32,000.

**Recommendation:**

We recommend that one full-time employee be hired to work as a combination assessing clerk and field worker.

**Value Added Expense: \$32,000**

The overall operation of the assessor's office is professional. The space allocated is not conducive to either the needs of the public or the employees. The office is one open room for the three employees and filing system. The public can access the tax books on the open counter in the hallway; this space for the counter area is not adequate for the general public to review tax books or sales data. More than one person at the counter is unworkable.

The assessor's desk is separated from the assessing clerks by a modular partition. The assessor does not have the necessary privacy and the public at the open counter can hear any phone conversation. This layout also promotes interruptions by the staff members. The assessor indicated that approximately 20 times/year she works at night in order to avoid interruptions.

The current filing system contains all of the old property record cards and necessary data. Separate cabinets are used for the property record cards from the 1996 revaluation. The assessor indicated that some information is being stored in a basement storage area.

**Recommendations:**

**We recommend the following physical improvements in concert with the planned expansion of the municipal office building:**

- 1) **A public area should be provided with a table or large counter for customers to sit at and review tax books and sales data.**
- 2) **A larger office is needed to accommodate an additional staff member.**
- 3) **A private office for the tax assessor.**

**Additionally, we recommend the two filing systems should be merged with one file per line item. The information from the old property record card should be transferred to the current property record card, and any obsolete information culled and placed in storage or destroyed in accordance with the requirements of the records retention manual.**

**Exempt Properties**

The team reviewed the list of exempt properties and verified the supporting documents to determine eligibility. The exempt list information was up-to-date and all information was available in the filing system.

The municipality has several large ratable properties that are exempt from taxes based on the statutes. Although they are exempt, this does not preclude the township from considering negotiating an agreement with these owners to receive a payment in lieu of taxes to assist with municipal expenditures for services provided to the properties.

Exempt Properties

Assessed Value   Local Taxes<sup>1</sup>

1. Atlantic County Improvement Authority (Atlantic City Airport)	\$64,810,500	\$162,674
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<sup>1</sup> Based on 1998 Local Purpose Tax Rate of \$0.251 per \$100 of assessed valuation.

2. Atlantic County Golf Course	\$2,930,800	\$7,356
3. South Jersey Transportation Authority (Atlantic City Airport)	\$2,069,700	\$5,195
4. FAA Tech Center	\$67,515,200	\$169,463

The township is urged to review the matter and approach some of the exempt owners to make a payment in lieu of taxes.

## **Tax Appeals**

### Summary of County Tax Board Appeals

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Total	58	171	172
Vacant Land	23	131	96
Residential	32	31	65
Farm/Q Farm	0	0	0
Commercial/Ins.	3	9	11

### Summary of State Tax Court Appeals

1999: \$14,520,900 under appeal  
Total of 4 properties  
1998: \$7,807,300 under appeal  
\$391,500 granted in reductions  
1997: \$10,552,400 under appeal  
\$1,038,600 granted in reductions

The municipality had a revaluation completed for the 1996 tax year. Although not listed in the summary, the assessor indicated that 1,000 informal hearings were held to discuss with the homeowners their new assessed value. Of this number 276 appeals were filed in 1996. This represents less than 2% of the total number of line items. It is typical to have 3% to 6% of the properties have an appeal filed in the year of a revaluation. The volume of appeals during the next two years represented only 1% of the number of line items. The volume of appeals filed against the township has decreased considerably for 1999. The majority of the appeals filed in 1997 and 1998 were on vacant land. The limited number of appeals is a strong indication that the revaluation was conducted with great care, and resulted in values that were accurate.

Issues affecting the appeals include the fact that EHT is located in an area that is affected by environmental issues (CAFRA/Pinelands). The assessor indicated that most of the vacant land appeals were due to the negative impact of having to get building approvals through government agencies related to CAFRA/Pinelands.

The assessor reported that there are no state tax court appeals pending from prior years. She works closely with the tax attorney to get the cases settled, if warranted. Of the four tax court cases filed in 1999, one appeal was withdrawn; one should be dismissed for failure to submit Chapter 91 information; and two are in the process of a possible stipulation (approx. \$2.4 million in ratables). The amount of reductions granted at the state tax court level in 1997 and 1998 is minimal compared to the total amount of assessed value that was being appealed. The assessor and attorney also try to get a two-year agreement with the taxpayer so the same property isn't continuously being appealed.

**We commend the assessor and attorney for resolving tax appeals in a timely and efficient manner.**

## **Tax Map**

In developing municipalities maintaining an up-to-date tax map can be an expensive function of the assessor's office. In EHT the up-dates to a tax map necessitated by a sub-division are charged to the developer through the plan review escrow.

## Planning, Zoning & Engineering

The division of planning provides staff expertise to the volunteer planning board and zoning board. The staff investigates complaints involving the zoning ordinance, reviews applications to the two boards to verify compliance with the township code, and makes recommendations regarding any variance requests. In addition, the division administers the inspection of improvements developers construct to ensure compliance with the approvals. The planning administrator and the township engineer staff the advisory Environmental Commission. The township refers matters involving the health code to the Atlantic County Board of Health. This division is substantially governed by the requirements of the Municipal Land Use Law (MLUL) N.J.S.A. 40:55D-1 et. seq.

The division consists of a planning administrator, a zoning officer, and two clerical/bookkeeping staff members. In addition to the employees, the township engineer/planner advises both the planning board and zoning board in their review of applications. The planning board and zoning board each appoint an attorney to provide legal advice. The township retains both the engineer and attorneys through contracts.

The township had employed a licensed planner to head this department. When this individual left the employment of the township in 1998, the township did not replace this position. As of the fieldwork portion of this review, the deputy township administrator has been serving as the acting department head. The deputy administrator does not have experience in land use matters, and was dividing his time with other administrative duties. The township engineer was handling plan reviews.

### Financial

Section 198-10 of the EHT Code requires those submitting applications to the planning board or the zoning board to pay an application fee based on the nature and complexity of the application. The department received \$109,108 in 1997; \$91,516 in 1998; and over \$107,000 through mid-October, 1999. In addition, the applicant is required to deposit funds into a plan review escrow based on the complexity of the application. During 1998, the department had collected \$192,861 in developer escrow deposits. Through October 15, 1999, escrow deposits were \$268,250 according to the department's records. The township uses the escrow to pay for the professional expenses of reviewing the application. The original escrow amount depends on the size of the proposed project, as required by the township code and permitted by N.J.S.A. 40:55D-53.2. When the review expenses exceed the amount on deposit, the township requests additional funds from the developer.

If the project is approved, the developer is required to post a bond to guarantee the completion of any portion of the project to be dedicated to the township. The code requires the bond to be at least 10% cash. Additionally, the developer deposits funds into an inspection escrow account, which, similarly to the plan review escrow, is used to defray the cost of inspecting the improvements that are to become public property.

The developer's escrows are administered in the planning office. The surety bond and inspection escrows are administered in the clerk's office. The treasurer makes deposits and disbursements.

### Escrow Accounting

The team reviewed the process for administering the activity in these accounts. Those interviewed noted that the process is both cumbersome and time-consuming. At the time of our review, an applicant would submit plans for review together with an application fee and plan review escrow as required by the code. The staff forwards the application to the various individuals that review the plans and forwards the fee and escrow to the treasurer. The receipt of plans is the only authorization that the consultants receive to begin work. Consultants are given blank EHT purchase orders to complete and submit with their invoice. Typically, the professionals reviewing the plans submit periodic invoices for the plans they have worked on. Upon receipt of the invoice, the clerical staff segregates the various projects included in the application, verifies that each project has sufficient funds in the escrow, and prepares a purchase order to cover the invoice. Should one or more escrow accounts have insufficient funds to pay

for that portion of work a PO is prepared for the portion of the invoice for which funds are available. The developer with insufficient funds is contacted to add funds to the escrow. When a deposit is made, the unpaid items on the invoice are then processed in the usual fashion. Those interviewed conservatively estimated that processing consultant invoices for payment from escrow was taking about one day per week.

We believe the system in place at the time of our review does not fully utilize the capabilities of the purchase order system and treasury accounting software already in place. We believe that if upon the receipt of escrow funds the department obtained an estimate of review costs from the consultants and prepared a purchase order for the review, escrow funds would be properly encumbered for the specified purpose. Shortfalls would become evident shortly after the application was submitted rather than the time of invoicing. Having invoice referencing a PO number would expedite the bill paying process as well. It would also improve the formal control over verbal, unlimited work authorizations. Using POs would clearly establish that funds were available, and that the proper official approved the order for a specific amount. The clerical staff functions would generally be limited to contacting developers for additional escrow deposits. Approval of payments would be made in the same fashion as an ordinary PO. The municipal land use law (N.J.S.A. 40:55D-53.2(d)) dictates the procedure to close out escrow accounts. We believe the prescribed close out procedure, described as very slow by the staff, will be greatly eased if a PO is used to authorize the work to be done by municipal consultants. We believe the current clerical time spent administering the escrows could be nearly eliminated. We estimated the value of the clerical time spent on escrow administration at \$3,848 [\$74 daily rate w/o benefits X 52 days].

Similar administrative complexities exist in the clerk's office concerning the administration of the inspection escrows and sureties. While the consumption of time is not as pronounced because the volume of transactions are not as great, we found inspection work was authorized verbally rather than through a PO, inspection work continued even after escrows had been depleted, and collecting escrow deposits was at times difficult. Reportedly, developers were also permitted to verbally authorize transfers of escrow balances from one project to another to satisfy escrow requirements. The team believes that the staff and the township would be better served by authorizing inspection work through the purchase order system, requiring escrow funds to be deposited or work stopped, and requiring that transfers between escrow or cash surety accounts be authorized by the developer in writing. While we believe staff efficiencies will be realized in the clerk's office if the administration of escrows is revised, we did not attempt to quantify the savings because the staff did not track the escrow administration time.

Surety deposits and releases all appeared to be conducted in accordance with the municipal land use law and the code.

#### **Recommendation:**

We recommend the plan review and inspection escrow account administration be revised to conform to the existing purchasing system.

**Productivity Enhancement: \$3,848**

#### **Board Meetings**

The department clerical staff takes minutes of the meetings of the planning board, the zoning board, and the environmental commission. Because the meetings occur during the evening, the staff member covering the meeting works a modified schedule on meeting days. Generally, staff members report to work later in the day, and work through the meeting. Accordingly, overtime

expenses related to meeting attendance is limited to those occasions when meetings are unusually long. This appears to be an effective means to provide staff at the meeting without requiring a large amount of overtime.

Meetings are recorded, and the staff uses a lap top computer to begin writing minutes during the meeting. The minutes are up-to-date.

In 1997, the boards received 48 subdivision applications, 52 site plan applications, and 30 variance applications, resulting in 502 new parcels. In 1998, the boards received 38 subdivisions, 35 site plans, and 19 variances resulting in 1,156 new parcels. Through mid-October, 1999, application activity appeared to be similar to 1998.

These approvals will have on-going impact for the municipal staff in the areas of construction code, tax assessing, tax collection, and in emergency services.

### **Master Plan**

Those interviewed reported the EHT master plan was adopted in 1994. It has not been amended with the exception of the Housing Element, which was amended in 1998. The master plan is due for review in 2000. According to reports by various officials a master plan sub-committee had been appointed early in 1998 but had only met once at the time of the fieldwork portion of this report. The engineer reported the master plan project had some funding in the 1999 budget, and that he had met with the Pinelands Commission and the governing body. He did not anticipate a greater effort until at least the fall of 1999.

The master plan is a vital document to any municipality, but particularly to a fast growing municipality. We encourage a diligent effort in reviewing and updating the master plan.

### **Engineering**

The township engineer also serves as the planner and engineer for the planning board. A separate firm serves as the board of adjustment engineer. The township's agreement with the township engineering firm states that the engineer is to be compensated at \$95 per hour for both engineering and planner services. The engineering agreement also provides for support staff hourly rates ranging from \$25 to \$95 per hour. Similar hourly fee schedules appear in the board of adjustment engineering contract and in the contracts for substitute engineers. In 1998, the township engineer was paid \$263,965 from the township budget, and \$355,704 from plan review escrows and inspection escrows, for a total of \$619,669.

Considering the volume of plan review, developer escrow inspections and routine municipal engineering, together with the engineering services being provided to the EHT MUA, the township may wish to consider employing inspection and/or engineering staff rather than obtaining all these services through contractors. State law permits municipalities to charge up to 200% of the direct wages to developer escrows for staff time spent on plan review and inspection.

Those interviewed noted that the purchase order system is not properly used for ordering engineering and construction work for capital projects. Reportedly, it is more typical for the PO to be prompted by an invoice. Our review of the payment record suggests that professional service work is usually authorized without the use of the purchase order system. We note that while each consultant has an hourly rate established in a contract, individual items of work require authorization and an encumbrance of funds. Written, formal authorizations will serve all parties by defining the scope of work, and the source of funds, and ensure compliance with the Local Fiscal Affairs Law and the directives of the Director of the Department of Community Affairs. Questions about project scope and funding can be cleared up in advance of any misunderstandings.

### **Recommendation:**

We recommend the township more formally authorize professional service work by using the existing purchase order system.

**We also discuss engineering services in the MUA section of this report. In that section we recognize the volume of engineering services should lead the township and MUA to consider in-house engineering capabilities.**

### **Zoning**

The township employs a zoning officer to enforce the zoning chapter of the code. The zoning officer's duties include verifying that projects for which building permits have been applied comply with the zoning ordinance. Additionally, zoning enforcement includes investigating citizen complaints and processing the applications to the board of adjustment.

Typical citizen complaints are reported to be anonymous. Many complaints involve the storage of recreational equipment such as trailers and boats in one's neighborhood.

Enforcement action includes verbal notice of violation in the field with an opportunity to correct, or amend one's site plan in the case of board approved projects. Violations that are not corrected in a timely way are issued a written notice of violation. If corrective action is still not taken, further enforcement can be taken. Normally, the zoning officer takes photographs of the conditions found.

The zoning officer works an eight-hour day. On days when the zoning board has an evening meeting, the zoning officer shifts her workday to work until 11 p.m. If a meeting runs beyond 11 p.m., additional compensatory time is taken.

## **UNIFORM CONSTRUCTION CODE (UCC)**

The division of inspections is part of the department of community development. It handles all matters relating to the New Jersey Uniform Construction Code and the related inspections, plan review, building permits and certificates of occupancy.

The following table illustrates the permit activity over four years:

<b>Year</b>	<b>New Permits</b>	<b>Permit Updates</b>	<b>Const. Value</b>
1995	1,399		\$27,367,716
1996	1,318	127	\$41,014,799
1997	1,657	220	\$37,191,603
1998	1,667	295	\$46,458,382

The township added an average of 363 residential units per year from 1996 through 1998. The township issues approximately one-third of its permits for new home construction. The overwhelming majority of the rest are for remodeling at both residential and non-residential sites. EHT has led the county in permits for housing units, and has ranked in the top five for office and retail square footage during the most recent three-year period.

The division staff includes a construction official, building sub-code official, three building inspectors, one fire official, one full-time fire inspector, and four clerical support staff. The fire official reports that UCC work occupies approximately half the fire inspection staff time. The construction official is also the deputy-zoning officer, assisting or substituting for the zoning officer as required.

We estimate the UCC portion of the township staff equals 10 full-time equivalent positions. The township contracts out for both plumbing and electrical sub-codes. These contract positions provide the equivalent of one plumbing and one electric sub-code officials. Accordingly, the total staff equals 12 full-time positions. In 1998, the salary and wage expenditures totaled \$388,041. Other expenses were \$190,916. The fully-loaded wage costs were \$463,297. A retirement in 1998 resulted in unusually large expenditures due to sick leave buy-back totaling \$42,820. The gross salary without the sick leave buy back was \$337,659.

## **Financial**

The township currently dedicates construction code revenues to UCC purposes within the municipal current fund budget. The NJDCA also permits municipalities to dedicate UCC fees “by rider.” “Dedication by rider” is simply a means of using UCC revenue for UCC expenses without affecting the current fund budget. Municipalities typically dedicate by budget for expenses that are largely unaffected by seasonal fluctuations in construction activity, for example, the costs associated with direct employees. Municipalities typically use dedication by rider for expenses that vary with the volume of permit activity, such as third party inspection contracts. Dedication by rider is beneficial in cases where the township realizes permit income in one budget year but incurs the expense of third party inspections in a subsequent year. It is also valuable for matching income and expenses when the volume of construction is difficult to predict. When the municipality dedicates UCC fees through the budget, revenue that exceeds expenses adds to the municipal surplus each year. Funds dedicated by rider are reserved in a trust account, which is used to pay the expenses associated with the revenue.

During 1998, the township committee approved an emergency appropriation for \$60,000 for UCC expenses to reimburse the third party agencies for work that exceeded the division’s appropriation. In other years, the township has needed to transfer funds within the construction code budget and from other budgets to cover the cost of third party inspections that were not anticipated when the budget was prepared. The dedication by rider would have eliminated the need for these actions.

## **Recommendation:**

**We recommend the township committee request the NJ Division of Local Government Services approve a dedication by rider for third party construction code expenses.**

The township allocates direct and indirect wages, benefits and other overhead against the revenue generated from permit fees in accordance with the methodology established by the NJDCA. When revenue is significantly above or below expenses over time, the municipality should review both the operational needs of the construction code office and the fees charged for the permits. In EHT, the construction code office has not been a self-supporting operation for the three years reviewed by the team. Accordingly, the general budget of the township has supported this office beyond the revenue it generates. In April, 1999, the township adopted an ordinance increasing the UCC fees. The construction code officer estimates that the new ordinance will make the office self-sustaining.

DCA recommends that surplus should not exceed 20% or \$100,000 over a three-year period.

We commend the township committee for acting to place the construction code office on a self-sustaining basis.

## **Technology**

The office operates permit-tracking software provided by a commercial vendor. The software is approved by DCA for construction code reporting, and provides a variety of reports in addition to those required by the state. While the current version of the software is functional and appears to provide good reports, those interviewed report that it is not always user friendly. The transition from the state supplied construction code software (UCCARS) has been a frustrating experience for the staff. The vendor reports it will release a new version of the software in spring 1999. The new release is supposed to improve the usefulness of the system and provide Y2K compliance.

## **Record Maintenance**

The construction code office maintains all of its applications, permits and plans on paper. The office has its archival files in the basement of the building. Generally, the files are well organized in the vault. The plans, however, are generally disorganized. Those interviewed stated that they had obtained a record destruction approval for plans and applications no longer necessary to be on file, and were planning to remove files when time permitted. The team was not able to find such an approval on file in the clerk’s office or in the construction office. It appeared that there was some misunderstanding among staff members about the approval process.

## **Recommendation:**

We recommend the construction official and the principal clerk work with the township clerk to review the record retention schedules and prepare requests for record destruction. The approval from the state library for record destruction should be in hand before the township destroys records.

Microfilming of files and plans may provide a means to reduce the volume of archival material. The team estimated that microfilming new plans and files would cost approximately \$5,000 per year. The township may also wish to amend the code to require that plans be submitted with a microfiche or digital copy to minimize plan storage needs.

Consistently, the staff noted that taking telephone messages occupied a lot of time each day. Reportedly, the township was in the process of acquiring a new telephone system that would accommodate voice mail. The staff anticipated this would be a great benefit to the office.

### **Building Code Effectiveness Grading**

The Insurance Service Office (ISO) is an organization upon which property insurers rely for an impartial evaluation of building codes and code enforcement. Insurers, in computing property insurance premiums, use the ISO Building Code Effectiveness Grading to quantify the municipal effort to mitigate property damage due to natural disasters. The ISO studies the administration of the building code, the plan review function, and field inspection. The review includes an evaluation of staffing levels and quality assurance.

Classifications range from one to 10, with 10 representing less than the minimum recognized protection. Egg Harbor Township received a classification of four for one- and two-family dwellings, and a four for all other construction. An ISO representative reports that 'four' represents a very good classification. According to the ISO representative, no agencies in New Jersey have achieved a 'one' and nearly all municipalities have earned a 'four,' with few NJ municipalities having 'three' or 'five.' Deterioration below a 'six' may affect commercial insurance premiums incrementally. Greater deterioration may begin to affect residential insurance rates and may affect commercial rates more dramatically.

The ISO report indicates that improvements are possible in the area of increased staffing for plan review and inspection, training, supervision by design professionals, and public awareness.

### **Staffing**

ISO has established a benchmark for plan review of one commercial or two residential reviews per staff person per day. The EHT building sub-code staff report that to review a typical residential plan takes between one-half hour and one hour. Commercial plans vary more, but generally take one-half day or less. Importantly, the EHT time estimates do not include the clerical time needed to process a permit application.

The DCA performed a staffing analysis for the UCC related activities. DCA has determined that the township has properly staffed this division based on the number of permits issued from April, 1998 through March, 1999. The staffing analysis shows that the township has staffed the building sub-code and clerical functions slightly below the low end of the recommended range. Accordingly, one may anticipate that when permit activity is high, the office may need additional staff time. We believe the township can accommodate these heavier work periods through periodic overtime authorizations and/or temporary help. Based on the permit activity we estimate that a 7%, or 935 hour increase in the building sub-code and clerical staff time would bring the staff hours into the low to middle area of the DCA recommended range. At an averaged overtime rate of pay of \$23.25, we calculate these additional hours would cost approximately \$21,738. The actual 1998 overtime expenses were \$3,469.

We believe additional staff time will also allow the construction office to address the ISO suggestion that the staff receive additional training.

We believe the construction official can address the ISO recommendation for public awareness by buying and/or developing relevant literature for property owners. The township can distribute these items without additional cost by including them in other township-wide mailings.



The township provides for electric plan review and inspections, and plumbing plan review and inspection through a contract inspection firm. These agreements provide that inspections are to be provided at rate per fixture. Because these contracts are based on permit activity, fluctuations in plan review and inspection staff time are accommodated.

The bureau of fire inspection provides fire sub-code plan review and inspection. The staffing analysis shows, and those interviewed report that, the township has properly staffed the UCC fire sub-code function. The fire sub-code staff is more able to handle seasonal permit workload fluctuations because of the ability to shift staff time between UCC and fire safety inspections.

**We commend the township for using contract services to provide cost-effective plan review and inspections.**

**Recommendation:**

**We recommend budgeting additional funds to accommodate building sub-code and clerical overtime or temporary assistance during periods of high permit activity.**

**Value Added Expense: \$21,738**

**Plan Review and Inspection Process**

The construction official has organized the building sub-code staff to accomplish plan reviews and compliance inspections in a creative way. A sub-code official is assigned to work in the office full-time for a week while the other sub-code officials primarily perform inspections in the field during that week. Each week the officials are rotated such that each spends a week 'inside' reviewing plans. This provides valuable cross-training and avoids over specialization of the staff. Perhaps more importantly, this system results in more than one inspector visiting the site to assure compliance. If a plan reviewer rejects an inspection, a different inspector is likely to do the re-inspection. We feel this provides a good method of internal control to assure plan review and inspection consistency. Most other towns with which the team is familiar have the plan reviewer follow the project through all building sub-code inspections to the certificate of occupancy.

Those interviewed concerning the construction office expressed concerns that the UCC office was somehow more onerous than other municipalities'. Upon further inquiry, most everyone agreed that strict compliance with the Uniform Construction Code was an asset to both legitimate builders and owners. The irritation appears to revolve around the plan review process. When an application plan is rejected for technical problems, the plan reviewer prepares a 'punch list' of the shortcomings for the applicant to correct. As described earlier, when the applicant resubmits the plan, it is likely to be reviewed by a different individual from the one who prepared the punch list. Frequently, it appears that the second plan reviewer notes additional deficiencies not noted by the first reviewer. Accordingly, the plan is returned with a new punch list. At times, the resubmitted plans are reviewed by yet another individual who may note new deficiencies. While those interviewed did not object to the technical requirements of the code or making the plan revision, applicants were vexed by the added costs and time involved in responding to multiple punch lists.

We believe the township can preserve the valuable aspects of the system of plan review while reducing the citizen frustration through a combination of comprehensive plan review check list and in-house staff training by the construction official. This training should cover areas where plan reviewers commonly find issues resulting in a second punch list with the goal of plan review uniformity.

After training, the construction official should consider a plan review quality control effort in which the construction official periodically reviews a sample of each inspector's plan-review work before the office releases the initial punch list. We believe this would also serve to improve plan review uniformity. Area construction officials may wish to consider a system of peer review in which other construction officials perform a quality control review on a reciprocal basis.

**Recommendation:**

**We recommend the construction official review the plan review process with an eye to improving review consistency.**

## Library

The township does not have a municipal library. The Atlantic County Library serves Egg Harbor Township citizens. The library operates a branch in the township. The branch is an attractive, modern facility containing a large collection of books and other media. Many LGBR reports have found library services are far more efficient when provided on a regional basis.

## COURTS

While the team recognizes the separate authority and responsibility of the judicial branch of government, we make the following comments and recommendations to provide the township with information on current and potential operations, procedures and programs available to the court. We make recommendations with the knowledge that further review and approval by the appropriate personnel is required.

### Operations

The team observed a number of court proceedings, viewed the facilities, and interviewed persons working in or directly associated with the Egg Harbor Township Municipal Court.

In 1998, the salary and wages expenditures for the municipal court were \$313,869. Of that, \$38,488 was for overtime. The other expenses totaled \$25,027. The total budget was \$338,896. The fully-loaded personnel costs were \$462,286.

During 1998, the court collected \$1,782,416 in revenue. The township retained \$823,798 of this revenue. The court disbursed the balance to state and county agencies.

The court disposed of 20,946 complaints and added 18,397 complaints in 1998. There were 15,821 traffic summonses and 2,576 criminal complaints issued during 1998. Of the traffic summonses, 15,469 were moving violations; 352 were parking.

The judge scheduled court sessions 22 times a month. Including special sessions and trial sessions, the court had 264 sessions in 1998. The typical docket consisted of 35 to 40 cases.

### Organization/Staffing

The municipal court currently has a staff of seven full-time employees, and one part-time judge. The full-time staff of the court consists of a court administrator responsible for the overall management of the department, two deputy administrators, and four bookkeeping/clerical staff.

The judge presides over each court session, and is on call to handle emergent matters that may occur. Court sessions are scheduled on Monday morning and afternoon, Thursday late afternoon/evening, and Friday morning and afternoon. During court sessions, one staff person works at the bench monitoring the recording system and entering dispositions into the computer system. One supervisor and two staff members work in the office cashing, preparing time payment applications, and processing papers for those sentenced to probation, community service, or attendance at the intoxicated driver resource center. The staff and supervisors all receive overtime or compensatory time for work beyond the normal workday.

The court proceedings start promptly at the scheduled time. The staff uses the initial 45 minutes to one hour to take attendance and review the hearing process with those in attendance. This appears to be a valuable and non-intimidating means of answering common questions and avoiding confusion when the hearings begin. Those interviewed felt the presentation helped answer many questions in advance for the public. The presentation is not

scripted, but is presented extemporaneously by each clerk at each session. The judge was not aware of the presentation by the clerks. The clerk then directs those needing to see the prosecutor before the hearing to meet with him in his meeting room. Then the clerk starts a videotape of the judge explaining one's rights in municipal court. The use of videotape is a commendable use of technology to deliver this information in a consistent manner while allowing the judge to conduct other business in chambers. Unfortunately, the clerk's direction that those wanting to speak with the prosecutor should go to the prosecutor's meeting room results in nearly everyone leaving the courtroom and missing the judge's taped message.

We commend the court for having the clerk explain court procedures and for the use of the videotape. We feel this provides an efficient and consistent explanation of rights to those in attendance.

#### **Recommendations:**

**We recommend the court administrator and staff script the clerk's presentation and the judge approves the script. We further recommend the clerk invite the public to meet with the prosecutor after the clerk has shown the tape to increase the number of viewers.**

The sessions the team observed are conducted in an orderly and professional manner. The courtroom is quiet and free of disruption. The municipal court staff is able to accommodate competing demands in a flexible and professional manner.

The township police provide security during the court sessions. In addition, alarms are installed at the bench and in the court office. The officer assigned is often also responsible for prisoner transport and handling. Prisoner transportation typically occurs before the beginning of the court session; however, at times delays result in court starting before the officer is present. Prisoner handling can take the officer out of the courtroom, too. Some municipalities have improved court security through the use of the minimum call-out provision typical in police labor contracts. EHT's agreement with the PBA contains such a provision requiring the township to pay an officer called in on his day-off at least four hours overtime. Were the township to require off-duty officers who have been called in for a court appearance to be in uniform and remain at work for the entire call out minimum, additional court security could be provided at no additional cost.

The morale in the court office has been a challenging issue for the township management. The team understands some staff members are moving to positions in other departments. We believe this will provide an opportunity to improve the interpersonal relationships in the office.

#### **Recommendation:**

**The team recommends that the police provide an officer for the entire court session. The team feels this can be done with minimal impact on the police work schedule if, working with the court administration, the police use officers already scheduled to be in court to provide security. This may include requiring officers called in from off duty for court appearances to be in uniform and to work the entire time for which they are called in. It will also include requiring the officers to coordinate their meetings with the prosecutor so that one remains in the court at all times. Occasionally, it may require having an officer come in off the street during sessions when other officers are not called to appear.**

#### **Facilities**

The court holds session in the municipal building auditorium. The room has a capacity of 210. The court facility appears accessible for the physically handicapped, and large enough to handle the number of persons in attendance at each session. Both the courtroom and office appear to contain all of the security items required by the Administrative Office of the Courts.

EHT has invested in a video conferencing system allowing for video arraignments of criminal defendants being held at the county jail. An arraignment hearing in municipal court is required shortly after one is arrested for a non-

indictable crime. The hearing is brief, at which time the defendant is informed by the court of the charges the police have asserted. The defendant is asked for a plea. When a defendant pleads not guilty, a trial date is set. If the defendant pleads guilty, the arraignment hearing then can become a sentencing hearing at which time the defendant can make any explanations and the judge may impose penalties, fully disposing of the matter. In order to conduct arraignments in person, the prisoner would have to be transported by the EHT police from Mays Landing to EHT, and kept secure while awaiting the hearing. This would occupy two officers for several hours, as well as sheriff deputies and police officers in processing prisoners in and out of the jail, and cause operational problems such as arranging prisoner meals and discharges.

Currently, EHT is one of several larger Atlantic County municipalities using the video arraignments. Installed in 1998, the cost of the system to the township was \$46,500. The township provided these funds through the capital budget. The operating cost primarily consists of the use of specialized telephone circuits capable of handling voice and video. We estimate the annual telephone cost to be \$6,084. Paperwork prisoners are required to sign is handled through fax transmissions. We estimate the township would have spent approximately \$40,000 annually if these prisoners were transported to the township from Mays Landing using two officers for four hours at \$25 per hour for 200 court sessions per year.

We commend the court and the county for their successful implementation of the video arraignment system.

We believe the township has an opportunity to offer an interlocal service opportunity to surrounding municipalities that have not installed the video conferencing equipment. We believe the EHT courtroom schedule would permit the scheduling of a number of other municipal courts to use the EHT facility saving the cost of the equipment. EHT would benefit by having the cost of this equipment shared among other towns. The other towns would benefit by avoiding the cost of buying the equipment for infrequent use. We envision other area courts periodically conducting court sessions in the EHT courtroom to take advantage of the video arraignment. We encourage the township to seek opportunities to use this equipment to its greatest potential. The sheriff's department may wish to participate in involving additional municipalities to reduce their prisoner handling responsibilities as well.

#### **Recommendation:**

**We recommend the township actively pursue opportunities to lease the courtroom with the video arraignment capability to other area municipalities.**

#### **Case Management**

The court receives summonses from a variety of agencies. These include the NJ State Police (NJSP), the NJSP Marine Division, the NJDEP Division of Fish, Game and Wildlife, NJ Transit Police, the zoning officer and the local police. Annually, the court accepts about 120 complaints directly from private citizens. The court administrator delegates the entering complaints, scheduling cases, cashiering, and producing failure-to-appear notices and bench warrants to the staff. The staff appears to be well-trained and cross-trained.

The court operates the Automated Traffic System (ATS) and Automated Criminal System (ACS) from the state Administrative Office of the Courts. The ATS/ACS computers provide elaborate record keeping and case tracking for the municipality and the state judicial system. The ATS has been in use since 1989, and the ACS since 1994. The staff appears knowledgeable in the various features and uses of the systems.

The current caseload per month per employee is 259 cases. Many factors affect the ability of a court staff to process cases. Foremost is the mix of parking, moving violation, and disorderly person (criminal) cases. Other factors include the training, experience, and diligence of the staff. LGBR has reviewed other well-run municipal courts with monthly per person caseloads of 400. These courts are handling primarily parking violations and other traffic violations. A well-run court with a 20.5% criminal caseload, 60% moving violations and few parking violations has a monthly per person caseload of 180. Courts such as EHT's, with criminal caseloads of 12% and 75% moving violations will have an intermediate per person monthly caseload. We conclude that the court's staffing level is appropriate. The 1998 statistical reports show the average case disposal rate was nearly 114% indicating that the

staff is effectively using the ATS/ACS computer. Our observations lead us to believe there is very little additional caseload capacity, and that funds now used for overtime may be more effectively used to employ part-time staff.

In many municipalities, evening court sessions result in overtime wages for the staff working those sessions. In EHT, overtime wages represent 12.3% of the salary expenditures. We estimate about \$8,300 of the \$38,488 in overtime is needed for staff being called in after hours. The team is familiar with other courts with significant caseloads where the court administrator has used part-time employees to staff the evening court sessions as well as process criminal complaints received in the evenings. Were EHT to employ three part-time employees without benefits for 10 hours per week at \$10 per hour we compute it would cost \$15,300 per year. Accordingly, we estimate that hiring additional, part-time staff would reduce the net court wage expenses by approximately \$14,700.

**Recommendation:**

We recommend that part-time staff be employed to permit the staffing of the evening court session and other evening complaint processing.

**Cost Savings: \$14,700**

The police and court administration have good cooperation between their departments. This is important to the taxpayer because issues such as the transportation and housing of prisoners, scheduling of police officers for testimony, and processing persons into prison can cause significant overtime and staff frustration if not properly coordinated.

We found the court schedule is coordinated with the police work schedule to minimize police overtime for court appearances.

We commend both the police and court administration for their efficient, cooperative management practices.

Our review of the ATS monthly management report shows that the court staff enters nearly all summonses issued by local police into the ATS/ACS terminal within four days. In contrast, an average of 242 summonses issued each month by state officers takes over seven days to enter. Those interviewed report that the state police do not turn in their summonses promptly, delaying the court staff. Reportedly, some state police barracks submit batches of tickets once every two weeks by mail. This can cause operational problems because many motorists appear at the violation bureau to pay their fine before the court has received a summons from the officer. In order to accommodate the motorist, the court often processes the ticket using the motorist's copy. At times, the copy is difficult to read resulting in citizens paying fines in the wrong court or other clerical errors that require additional time to correct.

**Recommendation:**

**We recommend the court administrator contact the state police barrack commanders to discuss a means of having summonses submitted to the court more promptly.**

**EZ Pass**

The regional consortium installing the EZ Pass system on the expressway and parkway predicts the advent of the EZ Pass system will result in the filing of significant volumes of summonses for toll violators in those municipalities hosting toll facilities. The EZ Pass consultants based these predictions on current estimates of toll violators. If true, the additional volume may affect the EHT court due to the location of one slip-ramp toll facility in the township, at least until motorists learn to avoid violations. We believe the township and court should view staffing decisions related to EZ Pass as temporary until the EZ Pass system summons activity stabilizes.

**Shoplifting Offenders**

The EHT judge has instituted a creative sentencing program for shoplifting first and second offenders. Upon a plea or finding of guilty, the judge sentences the offender to 15 days in jail, but suspends the sentence contingent upon the offender attending an educational program designed by the judge. The judge has arranged for a variety of speakers involved in law enforcement, businesses, the courts, and corrections to speak in a class he created. The class

educates shoplifters about the effects of their crime. The presenters review the reality of what a jail sentence will mean, both in jail and afterwards. Offenders are also warned that a third offence will result in a mandatory 30-day jail term.

The judge reports, the court conducts the program twice per year at the county jail. Attendance is about 100 offenders at each session. The judge reports that his observation is that the recidivism rate for those attending the program is about 2%. While the court has not maintained records to verify if any have become repeat offenders, the judge notes he sits in a number of local municipal courts with large shopping centers, and is likely to see a repeat offender. Accordingly, he was confident the program was successful. Others interviewed concurred.

We commend the judge and the cooperating agencies for this creative and productive alternative to traditional sentencing, and have included it in this report as a best practice.

#### **Time Payments**

From time to time defendants are unable to pay the fines assessed in court. In these cases, the judge may allow a defendant to make periodic payments or “time payments.” In many courts, time payments become delinquent requiring aggressive follow-up by the court staff. In reviewing the time payment accounts of the EHT court, we found court personnel are actively pursuing the collection of delinquent accounts. The judge questioned all defendants on the record concerning candidacy for time payments, and explained the consequences should the defendant fail to comply with the time payment program.

The team commends the court and court staff on their aggressive efforts to enforce the terms of time-payment orders.

#### **Credit Card Payments**

Recent revisions to the rules governing the administration of the New Jersey court system permit municipal courts to accept credit cards for most payments due to the court. EHT has not yet adopted the use of credit cards in the court. Those interviewed felt that using credit cards would eliminate many time-to-pay applications. We understand the township is actively considering authorizing credit card payments. We encourage the township in this effort.

#### **Failure-to-Appeal Notices**

During the period reviewed, the court produced and mailed failure-to-appear (FTA) notices promptly after each court session. This is an important feature for both the enforcement of summonses to appear and for the internal financial controls of the court. The deputy court administrators produce the notices, with the assistance of one of the clerks. We note that the clerk is also a cashier and participates in the bookkeeping for the court. We feel the court could improve its internal controls if the printing and mailing of failure-to-appear notices did not involve those routinely cashiering or doing bookkeeping. Failure-to-appear notices, like other forms of late notices, are an important feature of an internal control system, and should not be delayed unnecessarily.

#### **Other Internal Controls**

During the review, the team noted that the individual primarily responsible for reconciling the monthly bank statements is also primarily responsible for preparing bank deposits, and disbursements from the court bail and general accounts. We feel the court could greatly improve its internal controls if the court administrator and not the bookkeeper did the reconciliation of the bank accounts.

#### **Recommendation:**

**We recommend the judge segregate the bookkeeping and reconciliation functions to improve internal controls.**

### **PUBLIC DEFENDER**

The Municipal Public Defenders law, N.J.S.A. 2B:24-1 et. seq., requires each municipality to hire a public defender. Egg Harbor has contracted with a law firm to provide this service. The law also provides that the township may

charge an application fee of up to \$200 for those requesting a public defender. The fee in EHT is \$50. The township is to use the fees to offset the costs incurred by the township in having the public defender. During 1998, the township received \$14,050 in public defender fees. These fees are dedicated for use in paying for the public defender and costs such as expert witnesses, and discovery.

In Egg Harbor, should a defendant wish to have representation by the public defender, the defendant completes an application and affirms the accuracy of the information to the judge on the record.

The current public defender has served EHT for four years. The township paid the public defender \$10,000 during the 1998 fiscal year for handling all cases assigned. The public defender does not receive health, sick leave, or vacation benefits. There is no "other expenses" budget for the public defender, and he reports there were no expenses such as witness or discovery fees other than for an occasional DWI case expert. If the expenses associated with the public defender's office increase, the township should consider increasing the application fee within the statutory limit.

The public defender reports that he appears at three court sessions per month on average, and interviews clients on two afternoons per month. In 1998, the public defender handled 269 cases. The court denied 12 applications. This results in an average cost per case of \$37.

In addition to the time spent in court, the public defender also meets with clients either at his office or in Town Hall two afternoons per month. The public defender reports about 50% of his clients ask for a meeting. The public defender reports that on average he handles approximately 15 cases at each session he attends. He reports approximately 10% of the defendants assigned do not show up in court. The public defender handles approximately 95% of the cases as plea bargains, the balance going to trial.

We commend the township for a diligent and efficient public defender office.

## PROSECUTOR

The township committee has appointed a township prosecutor to present municipal complaints to the court. The prosecutor at the time of this review has been serving EHT since 1997. The contract for 1999 cost \$43,000. During the team's review, the township prosecutor was always present for each court session, prepared for his cases, and ready to proceed on all matters. The prosecutor has no "other expense" budget, but his out-of-pocket expenses for photocopies, subpoena fees, expert witness fees, transcripts, and similar expenses are reimbursed by the township. The township does not reimburse for normal office over-head such as clerical time or stationery.

Based on the number of court sessions and typical docket, we estimate the prosecutor handled approximately 8,000 cases in 1998. Per case, the cost of providing a prosecutor computes to \$5.37.

The prosecutor plea bargains a significant volume of the cases in consultation with the complaining officer and the defendant. This serves to expedite the court docket.

One of the duties of a prosecutor is to assist with the record management pertaining to the discovery process. Accordingly, when a case involving a township police officer goes to trial, the defending attorney requests a copy of the police file concerning the case. Typically, the prosecutor reviews the police file and approves the items the police may release to the defense attorney. The police record bureau makes the copies and mails the documents to the defense attorney. The police department established a \$15 fee in consultation with the municipal prosecutor. We discuss the fee and the authorization of this fee more fully in the police section of this report.

In all cases arising from the NJSP involving discovery, the municipal prosecutor is sent the case file from the state police record bureau, reviews the documents, and responds to the request for copies of the documents. The state does not charge a discovery fee in these cases. The prosecutor charges the defendant the \$15 fee for the discovery and turns the fee over to the township treasurer. The prosecutor reports that he bills the township according to the

size of the discovery to cover his expenses in making copies. He reports typical discoveries are billed at approximately \$5.

The NJSP report that during 1998, 78 driving while intoxicated (DWI) cases were submitted for discovery to the EHT prosecutor. The state police do not track discovery requests for criminal and other traffic cases. Notably, the police may submit one case for discovery as many as three or four times due to defense attorneys updating their information, clients changing attorneys, and due to multiple defendants involved in one case. The state police do not track how many times they submit a case for discovery. Accordingly, the case count is a very conservative estimate of actual discovery submissions.

We commend the township for a diligent and efficient prosecutor's office.

## PUBLIC ASSISTANCE

The Egg Harbor Township Welfare Department administers public assistance to adults without dependent children. State regulations require the local welfare office to refer individuals with dependent children to the county welfare department. A Local Assistance Board (LAB) oversees the operation of the department. The board meets four times per year. The township employs a full-time welfare director. During 1998, the township employed a part-time student intern in the welfare office. During the director's absences, clients with emergency needs are referred to the Ocean City welfare office. The 1998 salary and wage expenses were \$59,753. The fully-loaded wage costs were \$78,699. The other expenses totaled \$5,487. The other expense figure does not include benefits paid to clients, as the state provides these funds for distribution by the municipality.

The director reports that until November, 1997, the office also had a full-time investigator. The township abolished this position and transferred the individual to another department of the township.

### **General**

The welfare office operates five days per week from 8:30 a.m. to 4:30 p.m. Emergencies at night and on weekends are handled as needed. Those needing emergency assistance can contact the welfare staff via the police department. The director reports that call-outs occur approximately twice per year.

The caseload for 1998 averaged 57. The director reports that the caseload for 1997 was similar. The General Assistance Statistical Summary provided to the team by the director indicates that 23.7% of these cases were employable persons. The rest were not employable due to temporary or permanent disabilities, or were suspended from receiving benefits.

On average, 11 new cases were opened each month, with the overwhelming majority applying for benefits due to unemployment and pending Federal Supplemental Security Income benefits. Other reasons recorded were typically temporary illness, pending assistance from Aid to Families with Dependent Children (AFDC), and insufficient income due to under-employment. An average of 10 cases were closed each month for various reasons such as reemployment, receipt of other aid, failure to report to an interview at the welfare office, and failure to cooperate.

The director does case screening and follow up in the office. Fieldwork to verify clients are not working is not done.

The director also handles a number of social service activities beyond public assistance, including a food pantry, housing referrals, county welfare information, and information on emergency heat assistance, social security, and senior services. Although not strictly a welfare operation, the service does provide food assistance to local families in coordination with churches and other organizations in the community.

### **Financial**

The LAB has two accounts through which public assistance funds are received and disbursed. These accounts are public assistance trust account PTAF I and PTAF II. The LAB established these accounts at the direction of the Department of Human Services approximately six years ago when the state began reimbursing municipalities for



100% of public assistance. Previously, the state and the municipality shared the cost of assistance. In order to facilitate the transition, the PTAF II account was established to handle reimbursements under the new funding arrangement. The PTAF I account continued to exist to handle reimbursements for cases being handled under the old funding arrangement.

As expected, the PTAF I account has become increasingly dormant over time. The recent activity on the bank statement relates to annual establishment and closure of a petty cash checking account, interest income and deposits related to court ordered restitution. As of December, 1998, the PTAF I account balance was \$30,000.

The welfare office operates a petty cash fund with a beginning balance of \$10,000. The director moves funds from the dormant PTAF I account into a petty cash checking account from which the welfare director disburses assistance for indigent burials. The director reports that the township current fund reimburses the petty cash account for indigent burials. The director reports that the township handles one or two indigent burials annually.

In the team's experience, having a \$10,000 petty cash checking account for welfare or any other purpose is not warranted. The nature of a petty cash fund is to expedite minor transactions. The welfare director is having the expenditures from the account processed through the finance office using township vouchers; accordingly, it is not operating as a petty cash account.

#### **Recommendation:**

**We recommend that the LAB seek approval from the NJ Department of Health and Human Services to transfer the PTAF I account balance to the township's current fund, and close the PTAF I account.**

**One-time Revenue Enhancement: \$30,000**

#### **Consolidation**

In March, 1997, the State enacted L 1997, c. 37 and c. 38, commonly known as the Work First New Jersey General Assistance Program. This legislation redesigned the welfare system in New Jersey by focusing on personal responsibility and self-sufficiency. Assistance is still provided to those in need, but only for limited periods of time while individuals seek work and become self-sufficient.

The legislation mandated the consolidation of municipal welfare departments into each county welfare department during 1998, unless the municipal governing body affirmatively acted to retain the welfare program. In October, 1997, the township committee adopted a resolution to retain welfare as a municipal function.

The director and staff expressed concerns about implementation of consolidation in Atlantic County. The director felt that the level of service provided by the county welfare office was not adequate. The director noted that applicants are directed to wait in line prior to the office opening, and not all applicants were always seen within the time allotted and were directed to return another day.

The team contacted the Atlantic County Director of Welfare who is responsible for the integration of the municipal welfare clients into the county system. She reported that the three county welfare offices were servicing 16 of the 23 municipalities in the county. The largest municipality they had consolidated was Pleasantville, consisting of 120 cases. The county director also noted that approximately two-thirds of the municipal welfare clients are already county clients for purposes of receiving food stamps. The county social workers have caseloads of about 230 each, consisting of a mix of General Assistance (GA), Temporary Assistance to Needy Families (TANF), and food stamp clients.

The county reviews client eligibility on intake, and staff social workers identify client barriers to successfully getting off welfare. The coordinator felt that while a municipal welfare staff may have better knowledge about an individual's personal history, the county staff may have a better total picture of the client needs and resources available.

The director was confident that the county staff could properly handle 57 additional clients. She anticipates the impact will be less than expected because they are already seeing most of the individuals for food stamp benefits.

The director acknowledged that at the time of our fieldwork, county staff might not see new applicants the same day they appear at the office to apply. Those not seen are given appointments for the following day. The director reported that all emergency cases (persons needing food and/or shelter) are handled immediately.

Applicants not eligible for GA, but who are in need of assistance are referred to the Atlantic County directory of social service agencies. Among them is the Comprehensive Emergency Assistance System (CEAS), a state-funded program that was designed to assist non-GA eligible individuals with heating fuel, or utility bills.

#### **Recommendation:**

We recommend the township committee reconsider its earlier decision to retain the welfare operation. Consolidation with the county appears to be both a cost-effective and qualitatively appropriate means to deliver welfare services. We compute the annual saving as the current cost of wages, benefits and other expenses. We believe the food assistance and other social services the welfare office is providing can be provided through existing organizations and agencies.

**Cost Savings: \$84,186**

## **POLICE**

The New Jersey Uniform Crime Report lists EHT as a rural community. The report gives this designation to all communities categorized by the State Planning Commission as having scattered small communities and isolated single family dwellings. We believe that the classification for EHT is outdated, and suggest the State Police, Uniform Crime Reporting Unit, review it. Our observation leads us to believe that either 'suburban' or 'rural center' may be a more appropriate designation reflecting the recent growth in the township.

In 1998, the total number of crimes per 1,000 population was 55.2 with a majority of the crime in the categories of larceny, domestic violence and burglary. The following table compares the Uniform Crime Report statistics of area jurisdictions.

<b>Municipality</b>	<b>Crime Total</b>	<b>Crime per 1,000 pop.</b>	<b>1996 Est. Population</b>	<b>Square Miles</b>	<b>Sworn Officers</b>
State of NJ	296,638	37.1	7,993,220	7,495	N/A
Atlantic County	16,777	71.3	235,447	567	911
Absecon City	362	47.0	7,709	5.7	25
<b>Egg Harbor Twp.</b>	<b>1,463</b>	<b>55.2</b>	<b>26,493</b>	<b>68</b>	<b>72</b>
Galloway Twp.	723	26.6	27,146	91.7	44
Hamilton Twp.	1,331	74.5	17,863	113.4	48
Linwood City	86	12.1	7,083	3.8	18
Northfield City	187	25.2	7,430	3.5	22
Pleasantville City	1,082	65.2	16,591	5.8	50
Somers Point City	358	31.9	11,217	4.1	25

At the beginning of the team's fieldwork, the department included one chief and three captains. Each captain headed one of three bureaus: patrol, investigation, and services. At the time, the chief and two captains had announced plans to retire during 1999. As a result of the retirements, the township and department management examined the existing table of organization to see if it was the most appropriate for the township. Accordingly, the township and department management reduced the number of bureaus from three to two (Operations and Services), and reduced the number of authorized captains from three to one. We believe this new rank structure is more appropriate to a department the size of EHT's.

According to the approved table of organization, the police department employs a chief, one captain, five lieutenants, eight sergeants, 10 detectives, 49 police officers and one special police officer, totaling 75 sworn officers. In

addition, the department's table of organization shows 12 civilians, 15 full-time dispatchers, and three part-time dispatchers. In 1998, the township expended \$4,774,397 for police department salaries & wages and \$423,961 for other expenses. The fully-loaded wage cost was \$7,436,475.

**We commend the township and police management for their reorganization of the police department and the reduction in management positions.**

### **Organization**

Under the direction of the chief, the EHT police department operates with two bureaus, operations and services. Headed by a captain, the operations bureau includes the patrol division and the criminal investigation division. The service bureau, under the direction of a lieutenant, is composed of records, the communications center, data processing, and logistics.

Morale in the department is generally good. Officers exhibit professional pride in police work as well as in the EHT department. Most, including those officers who expect to be "passed over" for promotional opportunities, feel the training and educational standards make the department the best of those of which they have knowledge. Serious disciplinary matters appear to be infrequent and handled promptly. Some interviewees expressed concerns about inconsistent and light enforcement of personnel matters; however, no concrete examples were presented to the team. Personnel matters concerning the civilian staff are more complex. We discuss them further in the records and communications sections of this report.

Universally, the staff credited the past and current management with creating and maintaining a progressive, professional police department.

### **Training and Education**

Beyond the on-going training mandated by the NJ Division of Criminal Justice, the department has encouraged officers at all ranks to expand their work knowledge through elective training opportunities. In addition, promotional opportunities are restricted to officers who have attained baccalaureate degrees and advanced degrees. Supervisors are encouraged to attend one or more of several police management programs. As a result, nearly every sergeant and lieutenant have attended the FBI National Academy, the NJ Chiefs of Police West Point Program, or the Northwestern University Staff and Command Program. Consequently, the department has a remarkable number of well-educated officers, trained in criminal justice and the management of a police department. We feel having a well-trained and professional department is a great asset to the township by encouraging motivated employees and in avoiding liability that would come with a poorly run operation. Notably, an EHT officer was one of a very few in the United States selected by the US Dept. of Justice to assist in the training of local police in Haiti, Bosnia, and Croatia.

Some interviewed suggested that the department's emphasis on having officers achieve degrees in criminal justice should be revised to include a broader range of options, particularly at the baccalaureate level. We believe this thought deserves further consideration.

In 1985, the department instituted a physical training program and established a fitness standard for sworn officers. Officers are tested annually based on age weighted standards. In addition, the officers receive annual medical exams, including a drug screen.

Supervisors conduct evaluations of their subordinates annually. In addition, the department trains and evaluates new officers more frequently during an extended field-training period after their academy training. Field training officers are themselves trained in supervising and evaluating new officers.

The department has established a "rank" called Master Police Officer (MPO). This designation is given to officers who have achieved physical, academic, and experience qualifications beyond that required of a patrol officer. MPO's serve in supervisory capacities when the need dictates, receive one additional vacation day per year, and are authorized to wear an insignia on their uniform. At the time of the team's fieldwork, 14 patrol officers had achieved the MPO designation.

**We commend the department for its progressive educational and training policies.**

### **Drug Testing**

In September, 1998, the NJ Attorney General issued revisions to the policy for drug testing of those employed in law enforcement positions. Previously, the policy did not include random testing. The new revision permits municipalities to include random testing of police officers.

We believe that the current positive reputation of the EHT police will be enhanced by the inclusion of a random sample protocol in the township policy. Costs for testing for drugs at the State Toxicology Laboratory are \$20 per sample. Alcohol testing would be an additional cost through a third party contractor. We believe the total cost per sample will be under \$50. Assuming the township randomly tests a 50% sample of the 75 sworn officers each year, the cost will be \$1,875 annually.

### **Recommendation:**

**We recommend the township revise its drug and alcohol testing policy to include law enforcement staff in random testing.**

**Value Added Expense: \$1,875**

### **Patrol Division**

The patrol division contains three patrol squads; each headed by a lieutenant and staffed by two sergeants and 11 officers. Additionally, the division includes a tactical patrol unit staffed by nine officers and three K-9 dogs, a community policing unit staffed by two officers, and a traffic services unit staffed with four officers.

The tactical patrol unit consists of patrol officers assigned to work either an 8:00 a.m. to 4:00 p.m. shift, a 3:00 p.m. to midnight shift or an 8:00 p.m. to 5:00 a.m. shift semi-permanently to supplement the normal shift during high activity periods. The officers in this unit are supervised by the normal shift command on the shift that they are supplementing.

The community policing unit consists of two patrol officers according to the table of organization. At the time of our fieldwork one sergeant and one patrol officer staff this unit.

The traffic services unit consists of one permanently assigned officer and three additional officers temporarily assigned.

### **Traffic Services**

A Master Police Officer (MPO) supervises the traffic unit. Three additional officers are assigned to the unit as a temporary assignment. The MPO reports to the patrol division captain. According to the supervisor, target areas are identified for time periods he feels warrant increased enforcement attention. The supervisor selects locations based on the history of complaints and accidents. Upon approval, the MPO assigns target areas to the traffic officers.

The department generally does not expect traffic officers to respond to routine calls for service, although in practice each sergeant uses the traffic officer to varying degrees for routine calls. According to the supervisor, the use of traffic officers for non-traffic calls is to be restricted to calls involving violence and the traffic officer is nearby the location.

The traffic officers are assigned to function with the general patrol force rather than as a separate unit. Depending on the volume of calls for service, the traffic officers may not conduct any traffic specific functions, but rather respond to other calls for service. Likewise, since there is a close relationship between the traffic enforcement and all other law enforcement activities, the chief has directed that all uniformed personnel should share the responsibility for enforcing traffic laws.

During 1998, Atlantic County recorded approximately 11,663 reportable accidents. Approximately 2,119 accidents (18.2%) occurred in EHT. The eight traffic fatalities in EHT represent 16.3% of the county's 49 fatalities. EHT represents about 11% of the county population. The department identified accident reduction as a goal in 1998. We discuss the relationship between the accident rate and summons activity in the Summons Activity section of this report.

Officers interviewed felt that the volume of accidents and other traffic problems such as speeding and aggressive driving could be reduced if the traffic unit were not dispatched on non-emergency calls and given more time to concentrate on traffic enforcement.

Where traffic units exist, the NJ Division of Criminal Justice (DCJ) recommends officers operate under a supervisor-directed, selective enforcement protocol rather than as self-directed officers. The success of a traffic unit relies heavily on a first line supervisor who is proactive in selecting target areas within the community. The duties assigned to the unit include development plan review, traffic counts, statistical analysis, and other administrative duties relating to grant programs such as DWI and seat belt enforcement. Having the supervisor select problem spots for high visibility patrol and targeted enforcement can produce significant results in improved traffic safety. Based on our observations and interviews, we believe that this unit is properly supervised, and selects target areas for enforcement in accordance with the recommendations made by DCJ.

Generally, LBGR does not recommend specialized units as an efficient way to provide services. Where traffic units exist, traffic enforcement often becomes a low priority for the general patrol force thus reducing traffic enforcement as an element in crime detection and prevention. However, given the size of the community, the traffic volume, and the size of the existing patrol division, we feel this department has struck an appropriate balance between specialization and general patrol functions.

### **Patrol Operations**

The patrol division works in nine-hour shifts. Officers are on duty for five days and off duty for three days. The nine-hour work schedule is unique in the team's experience. The former chief designed this shift pattern to provide a one-hour overlap for each shift. It appears to function quite well to permit the incoming shift time to gather equipment and attend a briefing. As the oncoming shift takes to the field, the off-going shift can return to headquarters, stow its equipment and complete any necessary paperwork. The shift schedule also appears to control overtime related to incidents that may occur near the shift change. An 'early out' officer from the oncoming shift is available to respond to a call near the shift change. This avoids incurring overtime expenses from holding an officer over to complete the handling of an incident. According to police management, this schedule also provides an extra day for a squad once every 10 weeks, which allows for much of the department's mandatory training to occur without incurring overtime.

**We commend the department for devising this creative, efficient work schedule.**

At the time of our review, the department had established six patrol areas or 'beats' based on geographical considerations and the distribution of workload. Periodically, the department reevaluates the workload and adjusts patrol sectors accordingly.

### **Beat Patrol Analysis**

The team performed a workload analysis to determine the number of police officers needed for patrol duties. Currently, the day and evening shifts use a minimum of 12 officers per shift. On the midnight shift, they use a minimum of 10 officers per shift. Occasionally in the summer, the department uses 11 police officers on the midnight shift. Using time and attendance records provided by the police department, the team computed the officer availability, after training and leave, to be 1,710 hours per year. EHT's officer availability approximates the 1,700 hour average for NJ police departments.

There were approximately 44,414 calls for service in 1998, including fire and EMS. The patrol division responds to fires and medical calls. The dispatch system computer reports the average time spent per call for service was 31.8 minutes, with a range of 22.2 minutes to 39.6 minutes. Using formula provided by the New Jersey Division of Criminal Justice, Law Enforcement Standards Section, the team computed that the EHT police department should have 47 to 50 police officers on general patrol duties.

Currently, the authorized staff in the patrol division is 57. When one deducts the three patrol lieutenants, the traffic unit supervisor and the community policing supervisor, the patrol division is at a current strength of 52. Two geographically separate areas of township, West Atlantic City and the areas along Longport-Somers Point Boulevard

and Margate-Northfield Boulevard are not accessible in a reasonable amount of time from other areas of the township. Accordingly, the department has established them as two individual beats, requiring four additional officers, bringing the patrol requirement to between 51 and 54.

We conclude that the department has properly sized the patrol force.

A 1997 manpower report projected calls for service to increase 5% annually based on projections of population growth. While it appears that the actual calls in 1998 were 3.5% lower than in 1997, an increase in calls for service appears inevitable. The department's ability to handle even a 5% increase in the calls for service will be limited without additional officers in the patrol division. A measure of how often the department is short-handed is how often calls are 'stacked' or left waiting for an officer to 'clear' from the call he is on. One must also consider the nature of the calls being stacked. While the team did not attempt to review stacked calls, dispatchers report they regularly stack low priority calls during busy shifts. The use of the tactical patrol schedule provides additional officers during busier times. Accordingly, we believe that stacking calls, other than low priority calls, or the increased reliance on mutual aid will be a clear indication of the need for additional staff.

### **Summons Activity**

The team reviewed the summons activity for the police department. In 1998, the police issued 4,829 summonses for moving violations. In 1997, the summons count was 8,695, not including parking.

The EHT police established a summons productivity goal for each officer of 13 summonses per month.

The team found some officers who worked nine-hour shifts for 20 days in a month and found 13 traffic violations worthy of a summons. Other officers appeared able to issue 13 or more summonses during one shift.

The Paterson New Jersey Police Traffic Unit established a productivity measure of 10 separate officer-initiated stops per eight-hour shift. The unit supervisor expected each officer to find traffic violations and stop the vehicle. The issuance of a warning or a summons is left to the officer's discretion. The supervisor adjusted the goal if the officer was diverted to an accident investigation, or some other time-consuming activity. The goal provided a productivity measure without a mandatory summons quota.

The supervisors interviewed each appeared to be well aware of the productivity requirements and were aware of the statistics of those reporting to them.

Patrol Operations, (3<sup>rd</sup> ed.), published by the International Association of Chiefs of Police (IACP) states that generally an enforcement ratio of 20 convictions for hazardous driving per each accident with injury or fatality will reduce the accident rate. In 1998, the total number of summonses for moving violations was 4,829. There were 341 accidents with injuries and/or fatalities in 1998. Multiplying the number of accidents with injuries by 20, based on the IACP formula, the team would expect to see summonses for moving violations of at least 6,820 per year, to accomplish the department's stated goal of reducing traffic accidents.

Many police professionals also find traffic stops can serve to discourage criminal activity, increase warrant arrests, and provide opportunities for officers to reveal criminal activity. Accordingly, we anticipate increasing traffic enforcement will improve police efforts to control crime. The EHT police statistics indicate officers made a total of 10,999 traffic stops in 1998, which include random sample checkpoints and running suspicious plates. While not for moving violations, these stops indicate a meaningful level of proactive policing activity in the department.

We commend the department for establishing and monitoring productivity measures in the patrol division.

### **Citizen Complaints**

The team was told that many of the calls for service concerned incidents or events that were being reported "after the fact," and often were simply to properly document an insurance claim. The department records show 1,381 'calls' consisting of a citizen arriving at police headquarters to report incidents.

Citizens wishing to report an incident typically contact the police department by telephone, and have a patrol unit dispatched to the location. For some, this will require an inconvenient wait, particularly during busy times when lower priority calls are stacked. Others who are traveling through the area may not be in the township when they report an incident. During 1998, 1,381 reports were taken in person at police headquarters. Weekdays, during business hours, the department provides a civilian complaint officer in the record bureau. The complaint officer is available to take a police report. The department has established operational procedures for the complaint officer, which specify the nature of the complaint they are allowed to accept directly. The chief's directive requires other complaints to be approved by the duty officer. The establishment of this position reduced the volume of time officers were needed to respond to walk-in complaints, and reduced the amount of time a citizen needed to wait for an officer to prepare the complaint.

We commend the department for establishing this civilian position to free officers to respond to other calls for service.

In addition to the civilian complaint officer, the police may wish to consider a procedure through which citizens can file a report by telephone. The implementation of this type of service expedites the taking of the police report for the citizen since they are frequently required to wait for a patrol officer to arrive at the caller's location. Additionally, individuals from out of the area who need to report an incident that occurred while in EHT and find it inconvenient to return to EHT to do so in person, may find this service useful.

The success of this program in other jurisdictions appears to rely on:

1. a clear specification of types of calls eligible for telephone reporting;
2. the ability of the citizen to choose whether to give a report over the phone or wait for an officer to respond;
3. training of dispatchers so that they can effectively communicate the options to the citizen; and
4. ensuring that reports taken over the phone are reviewed for accuracy and are included in any feedback to the patrol shifts so that police are aware of incidents occurring within their area of responsibility.

### **Community Policing**

The community-policing unit consists of two officers. At the time of our review, the table of organization showed two patrol officers; however, one sergeant and one patrol were assigned to this unit. The department established this unit in 1992 to provide support and assistance to then popular community watch groups. Today, the unit assists 21 neighborhood watch organizations. The unit also reviews development plans; mediates neighborhood disputes; enforces property maintenance regulations; conducts home security surveys; provides identification service; and coordinates the domestic violence response team, Drug Abuse Resistance Education (DARE), Adopt-a-Cop, and the National Night Out programs. In addition, it registers alarm systems, monitors false security and fire alarms, and issues violation notices to individuals with excessive false alarms.

We commend the department for establishing this variety of community safety and drug abuse prevention programs.

### **Alarms**

During 1997, the police department responded to 2,199 false alarms. In 1998, there were 2,376 false alarms, an 8% increase. In both years burglary alarms were the overwhelming category, with fire, robbery/panic, and other alarms representing only 14% of false alarms. EHT patrol officers report that the minimum consumed-time on a call for service, 22.2 minutes, is a good approximation of the time consumed on a false alarm. Accordingly, we compute false alarms consumed 813 hours of patrol time, approximately ½ officer per year. We compute the value of this time at the 1998 average patrol officer's rate per hour (without benefits) of \$23.63 to be \$19,211. In addition to consuming patrol time, risks due to increased driving speed and development of a complacent attitude among officers can lead to grave consequences.

The current ordinance provides that the alarm owner can have five false alarms in each calendar year before the police issue a summons to appear in municipal court. The ordinance provides that the first violation (sixth alarm)

shall be subject to a fine of \$25. Second offenses are \$50; and third and subsequent offenses are \$100. Violations by an alarm installer can result in the township committee revoking the installer's mercantile license. The staff reports the management focus is to obtain compliance rather than process violations, accordingly, we found only limited enforcement action.

Those interviewed noted that in addition to hard-wired alarm systems, auto alarms at shopping centers and unintentional 911 calls have presented problems.

If the township amended the alarm ordinance to allow just three false alarms a year, those interviewed estimated the annual number of violations would increase from 47 to over 150. We compute the township would realize an addition of \$3,750 in revenue from 150 false alarms. The township officials may also wish to include inadvertent 911 calls in the false alarm count for each property, and track false auto alarms by vehicle registration.

We also feel issuing a summons for a violation is a cumbersome means to obtain compliance. Officers appear reluctant to issue summonses to property owners with many false alarms if the property owner is attempting to correct the problem. Reportedly, the officers' reluctance is, in part, due to the department's preference for compliance over enforcement, and the officer not wanting to be heavy handed by issuing a court summons. Other municipalities have found civil penalties for excess false alarms are less cumbersome to process than court fines. In towns that impose fees for excess alarms, the economic incentive to avoid false alarms exists without the need to involve the court staff. For those who may choose to ignore the bill, a municipal official can enforce the penalty under N.J.S.A. 2A:58-11.

EHT's alarm ordinance mandates owners register the alarm system with the township. Registration is free. Through May, 1999, 1,360 systems were registered. According to the police staff, of all the alarms answered each week, eight to 10 are not registered. The staff estimates citizens register about 200 alarm systems each year. The staff estimates that this volume has been consistent for the past two years. Accordingly, the number of alarms installed is not known. When the police respond to unregistered alarms the department sends the owner the necessary paperwork, and most follow through by registering their system. Those who do not register receive follow up notices.

By registering each alarm, the township has a more accurate record of the alarm locations and owners. This registration information would assist with notifying property owners of problems at the alarm location in a timely way and with the preparation of the notification letters that the department generates for false alarms.

Many municipalities have established registration fees for new alarms. A one-time fee of \$10 would compensate the township for the clerical time spent in processing the alarm information for those citizens choosing to have an alarm. In addition, a fee will generate a stronger imperative for owners to register. Assuming 200 alarms are registered each year, the township will realize \$2,000 in new revenue. The township may wish to consider an annual renewal for an appropriate fee. Such a renewal will provide an opportunity to verify the property owner emergency numbers and other information are still accurate.

#### **Recommendations:**

**We recommend that the governing body amend the alarm ordinance to reduce the number of false alarms allowed before penalties are assessed to three.**

**Revenue Enhancement: \$3,750**

**We recommend that the township establish a fee for alarm registrations. The township may wish to encourage citizens with existing alarms that are not registered to register before the fee takes effect.**

**Revenue Enhancement: \$2,000**

Most of the functions relating to recording false alarms and notifying owners, invoicing and collecting fees are clerical duties. Some follow up enforcement and public education functions are appropriate for the community policing officers. The team feels the department could handle the clerical alarm functions more efficiently if assigned to the record bureau.



Currently, the community policing officers telephone property owners when they note a series of false alarms to advise the owner that they may incur penalties unless the alarm system is fixed. The officers are not likely to notice sporadic or infrequent alarms. We believe that a more consistent approach of sending a written notice for every false alarm will assure that each alarm owner is aware of each false alarm and the penalty for exceeding the threshold. Reportedly, the Computerized Dispatch System (CAD) has a function designed to print notices for false alarms; however it was not operational at the time of the review. When this system is fully functional, the clerical functions will be highly automated. The township will experience some additional postage expense. Assuming the department sends 500 additional notices, the additional postage will be \$165.

Those interviewed noted that properties with multiple alarm systems such as shopping centers create a clerical chore of researching which alarm was activated and how many times. We understand the CAD system will also capture this information when it is fully functional. We believe that auto alarms can be tracked using the vehicle registration number. Repetitive unintentional 911 calls can be tracked by the property location.

#### **Recommendation:**

**We recommend the chief review the organization of the alarm registration and billing function.**

#### **DARE**

The community policing unit coordinates and participates in the DARE program. As of the field work portion of our review, the department had three DARE officers and expected to add two more in the near future. The DARE program provides drug abuse prevention programs twice a week for 17 weeks to over 480 5<sup>th</sup> grade students in the public schools. Several times per year, the supplies for this program are provided through a private grant from the Cape-Atlantic DARE Officers Association, which raises funds through a cable TV telethon. The township provides officers' time and training.

We commend the DARE officers and the township for cooperating to provide this valuable program. According to the US Department of Health and Human Services, each dollar spent on drug abuse prevention saves four or five dollars in cost for drug treatment.

#### **Domestic Violence Response Team**

The domestic violence response team is a particularly creative response to a prevalent category of police activity. Using a 1994 \$60,000 COPS grant to address domestic violence problems, the township recruited volunteers who received 40 hours of training at the Atlantic County Women's Shelter. The department started the program after noticing an increasing number of repetitive domestic calls.

After an incident, if the victim comes to the police station, officers call volunteer team members. The volunteers obtain the victim's permission for an interview, and as required, help the victim complete legal paperwork needed for restraining orders, provide temporary shelter, and identify other services available.

In the past, the program employed a full-time civilian coordinator through the grant. The coordinator was successful in obtaining free services from local businesses to limit the cost of the program. The full-time coordinator also conducted follow up contacts with victims when appropriate. Since the grant ended, the township discontinued the coordinator position. Those interviewed felt the coordinator provided a valuable service. The team contacted the Director of the Atlantic County Women's Shelter who described the EHT program as the finest in the county and probably the finest in the state.

We commend the EHT police and response team volunteers for an effective and efficient program. We have included it in this report as a "best practice."

#### **Criminal Investigations**

The criminal investigation division is headed by a lieutenant and staffed by one sergeant and 10 investigators. The lieutenant, formerly in the patrol division, was recently assigned to the CID in anticipation of a retirement.

The division is responsible for the follow up investigation of all crimes in the township, the custody of all physical evidence, and internal affairs investigations.

During 1998, the division investigated 1,463 crimes reported in the NJ State Police uniform crime reports. In addition, citizens reported 406 crimes not included in the uniform crime reports (primarily simple assaults).

Most investigators are scheduled to work 8 a.m. to 4 p.m. Three are scheduled for 3 p.m. to 11 p.m. Additionally, scheduling one investigator on Saturday and Sunday days, two investigators Saturday evenings and one on Sunday evening covers weekends. At the time of our fieldwork, no investigators were on standby status, however, the lieutenant was reevaluating that practice. The lieutenant was also reevaluating the usefulness of staffing Sundays instead of calling investigators in as needed.

Initially, the on-duty investigators are to handle cases that occur; however, the lieutenant and sergeant may reassign the case to another investigator in the division after considering the existing workload and status. Some investigators have special expertise in investigating certain types of criminal activity or perpetrator, such as burglary/property, gangs, and alcoholic beverage violations.

The division cleared 34% of the UCR reportable crimes and 41% of the total crimes. The clearance rate compares to a 20.9% statewide clearance rate for UCR reportable crimes. The department has kept very good records of the clearance rate and crime trends for each category of crime, effectively reproducing the statewide UCR report for EHT. Those records show the township clearance rate is at or above the statewide rate in nearly every category. While a variety of factors can affect clearance rates, EHT's clearance rates and record keeping reflect a diligent effort by the police department to solve crimes.

### Internal Affairs

The internal affairs officer is responsible for the investigation of complaints against police officers, coordinating the investigation of officer weapon discharges, and conducting investigations on its own initiative, all with the goal of insuring the department's integrity. The New Jersey Attorney General promulgated Internal Affairs Policies and Procedures for all police departments. This directive reviews the proper handling of complaints ranging from minor and serious rule infractions to improper searches and arrests and crimes. Generally, the directive provides that the officer's supervisor should handle most complaints regarding minor infractions. A department should refer all complaints regarding repeated minor infractions, serious infractions, and other allegations to the internal affairs officer. The department must refer complaints involving possible criminal acts on the part of an officer and use of force by an officer that results in serious injury or death, to the county prosecutor. The New Jersey Division of Criminal Justice requires each police agency to submit a report of internal affairs complaints and dispositions to the county prosecutor. The prosecutor determines the frequency of the reports.

In the EHT police department, internal affairs is one of the responsibilities of the CID Lieutenant. Those interviewed report that the chief has directed that, other than minor complaints, the internal affairs officer forward each complaint to the county prosecutor with the preliminary investigation report. Reportedly, the prosecutor's office typically returns complaints to the department for local administrative action. This procedure provides the public with assurance that a third party is reviewing complaints.

During 1998, EHT reported handling 20 internal affairs complaints, summarized in the following table:

**Internal Affairs Complaint Summary**

Type of Complaint	Total Cases	Dispositions				Cases Pending
		Sustained	Exonerated	Not Substantiated	Unfounded (did not occur or	

		Criminal	Rule Violation	(Officer acted properly)	(insufficient evidence)	insufficient information)	
Excessive Force	2	0	0	0	1	1	0
Arrest	2	0	0	0	2	0	0
Entry	0	0	0	0	0	0	0
Search	1	0	0	0	1	0	0
Differential Treatment	7	0	0	3	3	1	0
Demeanor	3	0	0	1	1	1	0
Other	5	0	1	1	2	1	0
<b>TOTAL</b>	<b>20</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>4</b>	<b>0</b>

Considering the size of the community and the size of the police force, the complaints noted are unremarkable. It appears that the department is handling complaints in accordance with the attorney general's directive.

### Property and Evidence

Each law enforcement agency has the responsibility to properly secure, store, and control access to evidence. A properly run evidence room will reduce a municipality's exposure to liability and ensure that improperly handled evidence does not hamper criminal prosecution.

While evidence can take many forms, physical evidence is common and often voluminous. In EHT, a detective, trained as a property evidence technician, manages the evidence room. He reports to the CID Lieutenant. The evidence room is located within the police department. While the evidence detective had not received formal training in evidence room operations, it was clear that the department's policies and procedures and in-house training had resulted in the evidence detective being well acquainted with proper procedure. The detective was aware that the state police academy was offering training in evidence control, and had expressed interest in attending.

At the time of the fieldwork, the detective was reorganizing the method of storing evidence to expedite finding all the evidence related to a case. In addition, efforts were being made to coordinate evidence retention involving juvenile cases with juvenile court authorities to streamline the disposition of evidence. The department has plans to expand the space for evidence together with the general expansion of the municipal building.

The evidence technician enters evidence date of entry, description, case number, and shelf location in the department computer system. The computer has information on evidence received as far back as 19 years ago. In addition, the evidence technician maintains the manual logbook. The computer system entry allows access to information for all authorized personnel within the department. Access to the evidence room is limited to the evidence room technician, the CID Lieutenant and the lieutenant in charge of each patrol squad. The patrol lieutenant and patrol officer initially tag and place the evidence into a temporary storage cabinet. Later, the evidence technician logs the evidence into the evidence room.

The evidence room was neat and orderly, but appeared to be overcrowded. An estimated 300 to 400 firearms and other large pieces of evidence the room could not accommodate were stored in an evidence cage in the sally port. Those interviewed noted that many of the guns are in storage as a result of domestic violence complaints where a spouse has a gun collection that has been ordered to be confiscated by the courts.

The team tracked a number of items in the logbook. Each of the items checked was in the location specified in the logbook. A large quantity of material was stored on the floor of the evidence room. The staff admitted that they were nearly one year behind in shelving evidence due, in part, to space limitations. At the time of the team's fieldwork the evidence room detective had been directed to get all evidence not yet filed into its proper location.

The evidence technician conducted a complete inventory of the evidence room in June, 1999, when the chief assumed command of the department. The chief reported that the inventory had no discrepancies.

Often, the police receive lost or abandoned property. Property that is not evidence is stored separately from evidence. The department uses a cabinet to store property that is not evidence. If the item is too large to fit into the

cabinet, it is put into the storage cage in the sally port. Bicycles are stored in a trailer located in the town hall parking lot.

The department disposes of property and evidence, once it is not needed, by returning it to the rightful owner, if possible. If the rightful owner is not known, or the material is contraband, the township either sells the property at auction pursuant to law, or destroys it. Guns, contraband, and other dangerous items are destroyed by incineration. The department had recently conducted a burn day at the time of our review.

The police schedule auctions several times each year in cooperation with the township administration auction of municipal surplus property. Accordingly, we believe disposition of property is current.

We commend the township staff for cooperatively handling this housekeeping task.

We commend the police department for a model property and evidence operation, and we commend the department for an effective and diligent investigation division.

### **Communications Center**

#### Organization

The communications center operates within the service bureau of the police department. The department's table of organization shows one supervisor, 11 full-time dispatch positions, and three part-time dispatch positions are authorized. During 1998, the police department employed one supervisor, eight full-time and two part-time dispatchers. The LGBR team determined that EHT employed 10 full-time equivalent dispatchers, including the supervisor. The 1998 salary and wage budget was \$348,000. The 1998 wage expenditures were \$309,335. The fully-loaded wage costs were \$425,618. The 'other expenses' are embedded in the services division's budget.

The team did not estimate the other expenses.

#### Functions

Dispatching for police, fire, and EMS consists of two main activities: call-taking and radio communications. The call-taker speaks with the citizen, obtains relevant information and keys the information into a computer terminal. The dispatcher is maintaining routine radio communication with the various police, EMS, and fire units in service. Phone calls coming from the public can be classified in one of three categories: emergency calls (911 calls), urgent calls (minor accidents), and routine business calls (request for an accident report.) The LGBR team observed in various municipalities that a typical incident such as a traffic accident requiring the EMS to respond could result in several incoming telephone calls. This same incident results in approximately 15 to 20 radio transactions with the various units in service, nearly all requiring a notation in the computer system. Additional outgoing telephone calls, to summon tow trucks for example, are also required.

The team observed the EHT dispatch operations on several occasions over three shifts. The EHT dispatch operated modern telephone/radio consoles in a separate room within the police wing of the municipal building. Access by officers and public is limited, and dispatchers are provided with a bathroom facility limiting the need to be out of the immediate area. All dispatchers had received the requisite 911-operator training, emergency medical dispatcher training, and cardiopulmonary resuscitation (CPR) training. They annually renew their CPR certificate.

In EHT, as in many communities, the call-taker and dispatcher are the same person. In other dispatch centers, management separates the call-taking operation from the radio-dispatching operation, with the two operators communicating through the computer system. Each system has both advantages and disadvantages. The NJ Division of Criminal Justice staff reports there is no firm guideline on when a dispatch center should consider separating the functions. We observed that dispatchers were answering all calls within one or two rings and appropriate help dispatched promptly. Based on our observation, we conclude that the current structure is operating well for the current needs in EHT.

In EHT, 911 calls from regular telephones in EHT and Northfield City are received in the dispatch center. The state police receive cellular telephone 911 calls. Once identified as originating in EHT these calls are transferred to the EHT communication center. When the call-taker identifies the nature of the call, and the caller does not need emergency medical information, the appropriate police, fire or EMS units are dispatched. The call-takers are trained as emergency medical technicians to provide instructions over the telephone if medical information is needed.

Occasionally, dispatchers receive 911 calls from locations outside EHT or Northfield City. The dispatchers transfer these calls to the appropriate jurisdiction. This may occur when individuals move to another jurisdiction but retain their telephone number and an emergency occurs before the telephone company updates the 911 information. The low frequency of misdirected calls is an indication that the 911 coordinator has effectively implemented the system in the township. In EHT, call-takers also answer all urgent and business calls that come in on regular telephone lines. The operators either dispatch or transfer these calls as required.

#### Intake Call Volume

During 1998, the EHT dispatch center handled approximately 44,414 calls that required dispatching help. Over 93% or 41,495 calls (114 per day) were for the police department. Over 5% or 2,301 calls (over six per day) were for the EMS. The balance of 212 calls (about one every other day) was for the fire department. All Northfield City calls added approximately 13,700, for a total of 58,114. We compute each dispatcher handles about 5,841 calls per year.

Comparatively, the Ocean County dispatch center handled 209,986 calls in 1997. It employs 19 certified call takers and radio dispatchers for three shifts, seven days per week. We compute that each dispatcher is handling approximately 11,051 calls per year. Accordingly, we believe the EHT communications center can accommodate additional call capacity with the existing authorized staff positions.

Those interviewed both within and outside the communication center noted that the staff was unhappy. Some interviewed described friction between officers and dispatchers over operational irritations. Others felt dispatching, once exemplary, had become a weak link in the delivery of emergency and police services. Universally, those interviewed noted that the shortage of staff resulting in mandatory overtime and call-ins on scheduled days off was the most significant problem.

#### Staff Training

Based on our interviews and observations, we conclude that the dispatchers are initially well-trained, conscientious, and motivated to handle each call properly. We agree that the staff shortage and the resulting volume of overtime have generated the poor morale in this division. Call volume did not appear to be a factor in the staff's disaffection. We believe subsequent events have confirmed our conclusion. Since our fieldwork, we understand the township has hired and trained additional dispatchers and reduced the volume of mandatory overtime. Reportedly, this has alleviated a great deal of the personnel problems in this division. We believe that with the reduction in overtime needed for operations, police management will be able to schedule refresher training, and provide time for dispatchers and officers to communicate on how they can work more effectively together.

**The LGBR team commends the township and its communications unit for a diligent and professional communication operation. We encourage the police management to continue their efforts to further improve the operation.**

#### **Shared Service Agreements**

The EHT dispatch center provides dispatching service to the EHT and Northfield City police, fire, and EMS. The governing bodies of Northfield City and EHT created this interlocal service agreement in 1995 as a means of saving local taxpayers money in both municipalities. Under this agreement, Northfield City paid EHT \$112,866 in 1998 to provide an additional dispatcher on each shift seven days per week and a "Northfield City" console. EHT also provides backup staff and supervision of the dispatching operation. Northfield City was able to avoid an expensive base radio upgrade and the cost of employing at least six full-time dispatchers. Both towns not only share the cost of this vital service, but also benefit from the economies of scale that make more dispatchers available to handle both telephone and radio traffic when either town has an unusually busy period.

**We commend the EHT and Northfield governing bodies and police departments for implementing this creative and cost-effective means of providing this vital public safety function.**

### **Shared Service Opportunities**

As noted earlier in this report, the township currently has an interlocal contract with Northfield City to provide dispatch services. Many LGBR reports have noted that local governments can achieve savings by providing dispatch services on a regional basis. Many county governments have elected to operate centers to consolidate dispatching. Atlantic County has chosen not to operate a full-time dispatch center. Accordingly, we feel EHT has an opportunity to realize additional economies of scale by providing dispatch services to other area municipalities. Such services could be offered full-time or for selected shifts. We encourage the township to be receptive to opportunities to expand this regional service, particularly as the proposed expansion of the municipal building is planned. The team understands the Tony Canale (Atlantic County) Fire Academy has a dispatch center used primarily for emergency management purposes. It may be possible for the county and township to agree to allow the township to use the county facility in exchange for handling the emergency management dispatch functions.

Some commented that the addition of Northfield City to the EHT dispatch operation was not smooth. We recognize that many technical and operational details concerning telephone service, radio frequencies, and radio procedures can make each case complicated. However, we feel the EHT staff have the experience and capabilities to fashion solutions to these issues. We offer a caution that if additional interlocal agreements are fashioned, provisions requiring EHT to dedicate a dispatch position to a municipality without regard to the volume of calls generated by that municipality will erode the economies of scale regional services can provide.

### **Uniforms**

The township provides dispatchers with uniforms and an annual uniform maintenance allowance. While we recognize the possible benefits of unit cohesion and professional appearance that uniforms may provide, the fact that dispatchers in EHT are not seeing citizens who walk in the building, appears to limit the value of uniforms. Were the township to elect to eliminate the purchase of uniforms and maintenance, allowing the staff to wear appropriate civilian clothing, we estimate the township would save at least \$3,000 annually.

### **Recommendation:**

**We recommend the township evaluate the continued need for a formal uniform for dispatchers.**

### **Police Records**

The records division in the police department performs a variety of important tasks including accepting complaints from citizens, and processing and filing all police reports and other police documents such as fingerprints and photos. In addition, the division staff duplicates police files for discovery when requested, processes warrants and warrant recalls, and maintains Uniform Crime Report records.

The division has one supervisor, four full-time clerks, and one half-time clerk. The 1998 budget for this division was combined with the police budget for administrative staff. Accordingly, we estimated the salary and wage expenditures for the records division at \$138,933. Likewise, the other expense budget is combined with the general police administrative supply budget. We did not attempt to estimate the other expenses for the division. The fully-loaded wage costs are estimated at \$203,149. Morale among the staff varied, with several expressing the opinion that morale needed improvement. The source of the morale issues was unclear, but generally focused on supervisors being out of touch with the daily operation in that office.

Based on transaction receipts for 1998, and staff estimates of daily activity, we estimate the division processed 3,264 requests for documents in 1998. This estimate does not include requests not involving a fee such as internal requests or other transactions involving the records staff such as UCR coding, expunging records, warrant entry and recalls, and processing restraining orders. The bureau does not keep detailed information on the number and type of transactions. The team suggests the bureau keep better information concerning the type and volume of the various transactions.

According to the EHT Code, fees for copies of police records were \$5 for the first three pages and \$1 for each page thereafter. Additional fees are provided for copies of photos, recordings, and fingerprints. Reduced fees are provided to persons picking up accident records rather than having them mailed. These fees are typical among towns the team has reviewed. This fee structure creates an administrative problem for cases involved in discovery. Beyond copying the relevant files, pages must be counted to compute the correct fee. The department attempted to limit this administrative burden by adopting a flat fee of \$15 for discovery. It appears that this fee was not authorized by ordinance. The team has seen discovery fees ranging from \$15 to \$25 in other municipalities similar to EHT.

The division owns a document imaging system which is used to scan paper documents creating an electronic copy that can be accessed from any department computer terminal without the need to obtain the actual paper file. Unfortunately, the process of scanning documents was, at the time of the field work portion of this report, at least one year behind for investigation reports. Accident reports, operational reports, and property reports were nearly up-to-date at the time of our fieldwork. This latter group of reports tends to be one of two sheets rather than the longer investigation reports. Accordingly, officers or other individuals needing copies of investigation reports or other documents for relatively current cases required access to the paper file. By the time the case does get scanned the need to access the file is greatly reduced. Those interviewed reported that the backlog was being scanned oldest case first. No plan for overcoming the backlog was articulated. The supervisor and others expressed the desire for additional staff time to scan cases. Other municipalities have increased both the office hours and staff time available to process documents through the use of part-time employees scheduled to work in the evening and on weekends. Beyond the additional hours available to process document, the public has found it convenient to be able to obtain routine police records for insurance claims during these “off” hours.

Police records are stored in several locations in the police facility. Those interviewed regarding record retention commented that record storage was becoming an increasing problem. The department was, at the time of the team’s fieldwork, considering a significant remodeling of the record storage room to accommodate additional paper files in anticipation of the filing system becoming overwhelmed. The staff appeared knowledgeable regarding the record retention policy and the authorizations needed for record destruction. Efforts at removing older records eligible for destruction are cumbersome because records with relatively short retention schedules are mixed in the same boxes as permanent records. Reportedly, since 1993 files being sent to the archive have been separated by date they are eligible for destruction. This will expedite the removal of unneeded documents from the vault in the future. We encourage the department to continue to weed unnecessary documents from its archival files.

In our review of false alarms, we noted that the township bills property owners whose alarm systems generate excessive false alarm. The billing function is currently a function of the community policing office. Shortcomings noted in the billing function are discussed in the community policing section of this report. We believe that it may be more effective to assign the billing and collection function to the records division, leaving decisions regarding adjustments to the community policing office.

#### **Recommendation:**

**We recommend the chief review the current staff assignments.**

#### **Outside Employment of Police**

Police officers who work as police officers for employers other than the municipality, such as directing traffic at a construction site, present unique issues to a municipal government. In EHT, private parties wishing to employ a police officer for work outside the normal service provided by the township, would contact the police administration which arranges for the needed coverage.

An officer’s pay for the outside work is handled through the township payroll, and the township retains a portion of the reimbursement as an administrative fee.

This practice compensates the township and clarifies the line of authority for officers assigned to “outside work.” Accounting for the ‘outside’ work time, billing and reimbursements is one of the responsibilities of the administrative officer in the police department. The need for police, rather than civilian “flagmen,” to handle traffic

control is determined by either the engineer of the appropriate jurisdiction in consultation with the EHT police traffic officer.

Staff members report that on small jobs, the township typically bills the contractor after the fact for the time spent on the job. Larger jobs are billed on an interim basis. The staff recalled only one contractor who is remarkably slow in reimbursing the township.

While EHT has, evidently, not experienced difficulty with reimbursements, we believe the method of administering the work order and billing could be simplified and cash flow improved. We believe the township should require the contractor to deposit the funds needed for the officers in advance of the work based on an estimate of the work time. Very large jobs could be handled through interim payments. This would assure that the township will have the funds available at the time the payroll is prepared, and avoid advancing funds to the payroll account if the reimbursement is delayed. At the end of a job, the time worked will still need to be reconciled with the amount paid and a refund of a balance or billing for a shortfall processed.

The finance officer reports that the police budget is charged for the time worked and later reimbursed from the revenue received. This transaction, known as a “contra,” is normally restricted to insurance reimbursements.

The New Jersey Local Finance Board anticipated the need for revenue from outside employment of police to be available for the payroll. Accordingly, outside employment of police is one of the dedication by riders they have approved as a matter of policy, and have delegated the approval of municipal resolutions to the DCA staff.

### **Recommendation:**

**We recommend the township and the police administration request the director of the Division of Local Government Services approve a dedication by rider to the budget for the outside employment of police. Additionally, we recommend the township revise the method of collection to require advance payments from those requiring police services.**

### **Vehicle Impound Yard**

In December, 1998, the township began operating a vehicle storage yard for abandoned, wrecked, or impounded vehicles. Prior to December, 1998, vehicles were stored on privately owned and operated lots.

Those interviewed reported the township embarked on providing a municipal lot because poor record keeping practices by several of the private lot operators resulted in lost vehicles and extraordinary storage fees accumulating until the vehicle was located.

The lot is located in the department of public works yard on two acres of land. It took DPW employees approximately 700 hours to develop the lot and cost the township \$20,000 to erect a fence and approximately \$10,000 to have the stumps removed from the site.

The police department, with the cooperation of the public works staff operates the lot. The lot is open during the same hours as the DPW. According to township records, storage fees are calculated at the rate of \$15 per day. From December, 1998 to November, 1999, 538 cars were stored on the lot and the township realized \$40,420 in revenue. Persons whose vehicles are towed are responsible directly to the tow operator for the cost of towing.

The team calculated an approximate annual cost of \$3,333 to operate the tow lot based on amortized costs incurred to develop and operate the lot. Accordingly, we conclude the lot is providing an improvement in service as well as operating profitably for EHT.

**The township police and public works departments are commended for their cooperative efforts in correcting a problem with storing autos and in creating a profitable operation.**



## Emergency Medical Services (EMS)

One emergency squad services Egg Harbor Township. The EMS department is made up of a combination of private, volunteer members and part-time, paid personnel. The EMS department is located in a township-owned building on Fire Road adjacent to the exit 36 ramp on the Garden State Parkway. The EMS department responds to all sections of EHT except for the remote area along Longport Boulevard and Margate Boulevard. The department also responds to calls in the Atlantic City International Airport. The airport reimburses the squad \$50 for each call it responds to. The EMS department also participates in mutual aid arrangements with neighboring communities.

In 1989, the township acted to consolidate three squads into one and establish an EMS division headed by a chief appointed by the township committee. The organization of the EMS department is provided in Chapter 6-156 et seq., of the township code. The EMS chief is responsible for the overall management of all emergency medical services in the township. The township code provides that emergency medical services will be provided through the private volunteer squad established in the township.

The ability of the volunteer squad to muster a crew on weekdays was a significant problem. Accordingly, the township decided to hire several part-time staff members with emergency medical technician (EMT) qualifications for various jobs within the township. These employees would then be released to respond to EMS calls during the day. While initially the part-time employees were reporting to town hall for work, the volume of calls made that impractical and currently the staff reports to work at the Fire Road EMS building. The township provides one paid crew (two people) each weekday between 7 a.m. and 5 p.m. Second alarms are answered by volunteers or through mutual aid. The township chief works 30 hours per week. The eight paid EMTs are each scheduled to work up to 20 hours per week.

The volunteer squad members are scheduled to supplement the paid crews by providing an additional crew during weekdays. They also provide two crews between 5 p.m. and 7 a.m. Additionally, the volunteers staff the EMS entirely on weekends.

In 1998, the police call accounting system reported that the EMS department answered 2,301 medical calls for service. This computes to 6.3 calls per day. Approximately 80% of the calls occurred between 8 a.m. and midnight. Those interviewed reported that the calls were generally for sick individuals rather than traffic accidents. Reportedly, the squad does not provide any non-emergency medical transportation. Unlike fire calls for service, virtually no EMS calls are false or unfounded.

The cost associated with the paid staff is provided for in the municipal budget. In 1998, \$42,190 was spent for salaries and wages and \$30,456 was spent on other expenses. The OE figure represents a \$10,000 decrease from 1997 expenditures. The reduction is attributed to lower than expected costs for building utilities, vehicle fuel, and vehicle maintenance. The township also provides a direct contribution of \$35,000 to the volunteer squad as permitted under N.J.S.A. 40:5-2. In addition, the volunteer squad receives private donations from the community.

We commend the EMS volunteers in EHT for their extraordinary efforts in providing this vital service to the community. Clearly, the volunteer effort provides a tremendous value to the community.

**All calls for EMS are routed through the police dispatch center in the police headquarters.**

Those interviewed reported that response times ranged from 4 to 15 minutes, with the longer responses typically occurring overnight. The squad measures response time as the period of time from which a call is dispatched to the time the duty crew signs on the radio. The travel time to the location where help is needed is not included in the response time. The team noted that the EMS building is located on Fire Road at the Parkway ramp on the eastside of the township. The EMS chief reported she felt this was a good central location due to its proximity to the population center and major roads that permit prompt access to all areas of the community.

### **Equipment**

The EMS department operates five ambulances. The township owns three, and two are owned by the volunteer organization. In addition, there is a chief's car, and a special operations truck owned by the volunteer organization. The special operations truck is an ambulance outfitted by the EMS squad to be stationed at a location, such as a fire scene or a large public event, to provide first aid rather than transport patients. The township has provided a first responder car and an older ambulance converted to a mass casualty vehicle. The mass casualty vehicle is outfitted with large quantities of equipment that would be needed at an incident involving many victims, and is in service primarily because of the airport.

The chief reports that the ambulances and personnel all comply with the higher standards for a non-volunteer ambulance squad as defined under the N.J.S.A. 27:5F-18 et. seq. and the New Jersey Department of Health requirements.

### **Billing for Service**

Many municipalities have successfully implemented a fee system for emergency medical service. Typically, the municipality establishes a fee and submits an invoice for emergency medical service. These charges are often eligible for reimbursement through the patients' medical insurance or Medicare. We recognize that some individuals do not have medical coverage and do not have the means to pay for emergency medical service. Municipalities with which the team is familiar have established procedures to adjust the bill accordingly.

The establishment of a municipal billing system would reduce the amount of money raised through the property tax while allowing the township to continue to provide significant aid to the volunteers. We note that the township must address important legal and organizational details to implement a billing system that preserves the volunteer status of the squad. We feel any changes can be readily accomplished.

The City of Ocean City, NJ established a billing system in 1997. It charges \$350 per call, and has a contractor produce the billing for a fee equal to 10% of the collections. Ocean City reports actual collections are 53% of the amount billed, resulting in an effective reimbursement per call of \$186. Accordingly, we estimate that billing for EMS in EHT would generate approximately \$427,986 annually. A billing/collection contract would cost approximately \$43,000.

### **Recommendation:**

We recommend the township consider establishing an EMS fee to recover some of the cost of providing EMS.

**Value Added Expense: \$43,000**  
**Revenue Enhancement: \$427,986**

## **FIRE DEPARTMENT**

The Egg Harbor Township Fire Department was created by the adoption of an ordinance in 1975. The fire department is responsible to provide fire prevention, protection, and suppression for the township, including the Atlantic City International Airport and the relevant portions of the Atlantic City Expressway and Garden State Parkway. The department provides the fire services through the efforts of five private, non-profit volunteer fire companies located in the township. The fire department is also responsible for vehicle extrication and other rescue functions and participates in the Atlantic County "five inch hose" task force. The task force is a mutual aid arrangement for establishing large volume water supply when necessary.

According to the chief, the department was established to improve the coordination of activities between volunteer fire companies in the township, and establish in writing the then existing practices.

A chief with 67 years of volunteer service, 42 years as township chief, heads the department. The chief is a volunteer and receives no compensation or benefits.

**We commend the chief for this remarkable record of volunteer service to the citizens of EHT.**

The code provides for an orderly process for the township committee to periodically select the township chief from among the most experienced volunteers nominated by the companies.

The township supports each volunteer fire company with \$15,000 in cash aid each year. In addition, the township purchases \$15,000 in operating equipment and supplies for use by the fire companies. Each fire company reports to the township on how the cash aid was used. Beyond the annual operating aid, the township purchases one major piece of fire equipment through its capital program each year. Typically the equipment is a “class A” pumper. Generally, the township has planned for \$300,000 in fire equipment capital expenses each year. During 1999, the plan was adjusted to combine the 1999 and 2000 appropriations in order to afford a new ladder truck. Additionally, the 1999 capital budget included \$165,000 for communications equipment, mostly intended for fire service use, and \$20,000 for an air cascade system to refill fire fighter air packs.

The team understands that each fire company has contributed funds in excess of the \$300,000 the township provides to acquire optional items.

A survey of larger departments found that they are buying “class A” pumpers for about \$250,000. Examples of recent purchases are Paterson \$245,000, Jersey City \$249,000, Newark \$215,000, Trenton \$285,000, Elizabeth \$300,000.

Frequently, specifications for fire apparatus include decorative trim or equipment that can only be supplied by one vendor. This is often the cause of the added cost of equipment. Assuming EHT revises its specifications to that of Paterson or Jersey City, the township will save approximately \$50,000 per year.

**Recommendation:**

**We recommend the township and fire companies review their specifications for fire equipment to assure that they are receiving the best value.**

**Cost Savings: \$50,000 per vehicle**

The private companies own the real estate in which the fire trucks and other equipment owned by the township are housed.

The volunteer fire fighters are members of one of five private, non-profit fire companies operating out of eight fire stations. The township code establishes a maximum active membership of 50 for each company. Each company currently has 25-30 active members, with the exception of West Atlantic City, which has approximately 12 volunteers. A company fire chief and other line officers head each company. Additionally, each company has corporate officers.

**Fire House Locations:**

Bargaintown VFC, Station 1  
Bargaintown VFC, Station 2

Mill and Carey Streets  
Tony Mink Road

**Cardiff VFC, Station 1**  
Cardiff VFC, Station 2

**Black Horse Pike at Spruce Avenue**  
English Creek Avenue near Locust Avenue.

Farmington VFC

Wisteria Street near Saw Mill Road

Skullville VFC, Station 1  
Skullville VFC, Station 2

Steelmanville Road at Mays Landing Road  
Mays Landing Road near Lees Lane

The team found each firehouse clean and orderly. Fire equipment was properly stored and ready for service. Those interviewed noted that none of the fire companies were “drinking clubs.” Indeed, Cardiff is reported to be dry and non-smoking.

Those interviewed report that chief and assistant chief vehicles are only authorized for fire department business. Personal use is not permitted.

In addition to the fire stations listed above, the Federal Aviation Administration (FAA) has established a fire station at the FAA Aviation Technical Center/Atlantic City International Airport. According to the township chief, the FAA station exists to provide fire and rescue services at the airport. Backup to the FAA fire staff is routinely provided by the Farmington and Cardiff Companies.

In 1998, the fire companies responded to 790 calls for service, 258 (33%) of these being false, unintentional, or nuisance alarms. There were 64 structure fires, 71 vehicle fires, 51 brush fires, 62 odor/smoke investigations, and 248 various other calls for service. The average response time for all fires was 8.2 minutes. Additional detail on hours spent on types of fires and number of fire fighters responding was not made available to the team. The township may wish to consider having complete National Fire Incident Reporting System (NFIRS) reports submitted to the township chief in addition to the state. The annual NFIRS summary reports can provide many valuable statistics when properly compiled.

EHT’s growth has been a challenge for the fire companies due to the increased calls for service and the tendency for new residents in the community not to volunteer for the fire service. During the fieldwork portion of our review, the township fire chief revised the standard operating policies to require that all alarms are to have two separate companies respond. This was done in part to ensure a timely response even if one company had difficulty mustering a crew.

We commend the volunteers of the various fire companies in EHT for their dedication to the citizens of the township. The value of the fire and other emergency services provided by these volunteers is extraordinary. The effectiveness of this active volunteer force in a township the size of EHT is a remarkable achievement.

### **Fire Protection Rating**

The Insurance Service Office (ISO) is an organization upon which property insurers rely for an impartial evaluation of public fire protection. Insurers, in computing property insurance premiums, use the ISO fire rating to quantify the existing fire protection available to property owners. The ISO studies the water supply, distribution system and actual hydrant flow tests, staffing levels, equipment, training and how fire alarms and structured fires are handled.

The current ISO rating for EHT is “class six.” The team understands the highest rating available to a community with a volunteer fire service is a “class three.” The last ISO report in 1988 noted deficiencies in receiving and handling alarms, the equipment, location of the equipment, personnel and training, water supply in certain areas of town and the need to establish a fire prevention bureau in the municipality. Those interviewed reported that extensions of the water system, purchase of new equipment, and the consolidation of fire dispatching with the police have addressed many areas of concern.

An ISO rating deterioration from class six to class seven may slightly affect the hazard insurance premium on a residence. The insurance premiums for business establishments will experience a more significant change. An ISO rating of nine or more will cause homeowner insurance rates to increase and cause burdensome changes to business owners’ premiums.

The next ISO review will be taking place late in 1999. The chief is confident that the township will fair very well in the review process.

### **Fund Raising Activities**

Each year the various private fire companies and first aid squad conduct fund raising activities, including solicitations of the residents and businesses in the township. The team attempted to review the activities using records maintained by the State of New Jersey Division of Consumer Affairs, Charities Registration Section. We learned that the volunteer fire companies had not registered as charitable organizations. N.J.S.A. 45:17A-18 et. seq. requires all charitable organizations that conduct fund raising activities in the state, except for religious and certain educational organizations, to register with and report certain information to the Charities Registration Section.

Reportedly, the fire companies have registered as charitable organizations since the completion of fieldwork. The companies may wish to verify they are also complying with federal IRS regulations concerning non-profits.

### **Recommendation:**

We recommend that the private fire companies comply with the requirements of the Charities Registration Act, or discontinue fund raising activities.

### **Fire Academy**

The Atlantic County Fire Training Center is located in EHT. It is a modern facility, and is used by all Atlantic County Communities to provide both initial training and periodic drills for volunteers with a wide variety of live fire and hazardous material scenarios. The fire training center is a good example of a regional service efficiently providing a valuable service to taxpayers.

The EHT fire department regularly uses the academy to augment the drill activities in each fire company.

**The team commends the township and the county for cooperating to provide fire fighter training services.**

### **Fire Stations and Apparatus**

The team reviewed the fire stations and related response area together with the fire apparatus available at each station. The team used the standards promulgated in the National Fire Prevention Association (NFPA) Manual and ISO to evaluate the EHT fire department. The ISO ideal travel distance for an engine company (one pumper apparatus with fire fighters) is two miles. The ideal travel distance for a ladder company (one aerial truck with fire fighters) is two and one half miles. Accordingly, the placement of fire stations is greatly influenced by these ideal travel distances.

The NFPA established standards for the amount and kind of apparatus needed for response and for reserve to replace equipment out of service. These standards provide that one engine should be provided for 15,000 to 20,000 of population; and one ladder should be provided for every two or three engine companies in a densely developed city, less in more suburban areas. Other more specialized equipment, such as tankers, heavy rescue, hazardous material spill response, aircraft or watercraft may be added as the requirements in the response area and the mission of the department dictate. Accordingly, while EHT's population would require only three engines and one ladder, the geographical area and development patterns in EHT indicate a need for eight engine companies (seven primary and one reserve) and three ladder companies. We added an additional engine company for participation in the 'five-inch' task force.

At the time of our review, the existing equipment consisted of two ladder trucks, one Tele-squirt aerial truck and 15 engines with 1,000 gallons-per-minute (gpm) or greater pump capacity. Additional equipment includes two tankers (both with pumping capabilities), three engines with under 750 gpm pump capacity, two light rescue trucks, and 11 autos used as chief and assistant chief vehicles. Each vehicle is equipped with a variety of specialized equipment and tools such as generators, rescue equipment, foam generator air packs, hose and ground ladders.

Since the early 1980's, the township has been purchasing a new piece of equipment each year. Accordingly, the "front-line" apparatus is modern equipment. Engines being replaced have been donated to the respective fire companies rather than traded in. The companies continue to use the equipment for reserve service.

We believe that the township can eliminate six 1,000 or greater gpm engines. We also believe that the sale or trade-in of older equipment will result in additional revenue for the township. We estimated the cost of new engines at \$250,000 and sale value of older engines at \$10,000.

### **Recommendation:**

**The team recommends that the township not replace six engines and redistribute the remaining equipment as equipment is retired.**

The team analyzed the geographic location of the various fire stations and apparatus.

One area of town, a rural residential area in the vicinity of English Creek Avenue (between School House Road and Plum Leaf Avenue) and Pine Avenue (between Astor Avenue and Saddle Ridge Lane), is beyond the desired 1½-mile radius for an engine company. Most of the area is within the 2½-mile radius of the Skullville Station 1 ladder company. Accordingly, we believe that an additional ladder company is not needed. We believe the most cost-effective solution to providing engine company coverage would be to establish a satellite station in the vicinity. This may be most readily accomplished by adding garage space at the current public works facility and relocating one engine company.

The location of the Cardiff Station 1e firehouse, located on Rt. 40/322 near Spruce Avenue, was reported to the team as having a problem entering traffic, particularly in the west bound direction. The company had requested the NJ Department of Transportation (NJDOT) to erect an additional stop signal east of the firehouse which would be activated to stop traffic when apparatus needed to exit the firehouse. NJDOT reviewed the location and declined to install the signal due to traffic safety concerns. The fire company was unhappy with that decision and asked that it be reconsidered. The team discussed the request with the NJDOT district engineer who noted the safety concerns were considerable. Additionally, the increasing volume of traffic will increase the need for eventual traffic separation. Accordingly, we believe that a better long-term strategy should involve the relocation of this firehouse off Rt. 40/322 rather than attempting to work with the existing location. It appears that a location about one mile northeast of the present location of the Cardiff Station 1 would minimize the current coverage overlap in that vicinity.

### **Fire Inspection Office**

The fire inspection bureau is located in town hall, and is staffed with one chief fire inspector, and one inspector, and one clerical staff person. During 1998, the division was staffed with a chief inspector and two part-time staff inspectors. The inspectors complete fire safety inspections in commercial and multi-family buildings throughout the community. In addition, the inspectors conduct UCC fire sub-code plan review and inspections. This office also handles life hazard registrations, fire investigations, issues hydrant and trailer permits, and smoke detector inspections for one- and two-family homes. The staff reports that over the course of a year, its time is evenly split between fire inspection and construction code inspections. Accordingly, we compute one full-time equivalent inspector for fire safety inspections.

### **Budget**

The 1998 salary and wages for this unit were \$116,633. The other expenses were \$7,676. The fully-loaded wage costs were \$191,063. Dividing the fully loaded wage costs and the OE in half equals \$99,369 and approximates the fire safety costs in this office. During 1998, the office generated \$48,795 in revenue from life hazard registrations, \$49,799 from non-life hazard inspections, and \$10,900 from smoke detector testing. During 1998, three penalties totaling \$1,500 were assessed. We compute that during 1998, the fire inspection bureau generated \$10,125 more in fees than expenses.

### **Inspections**

During 1998, the unit conducted 283 life-hazard inspections, 703 non-life hazard inspections, and 436 smoke detector inspections. Two facilities require quarterly life-hazard inspections. The chief inspector reports that annually 70% of the properties have a violation that necessitates a re-inspection. Approximately 20% of those

properties require a third inspection. Accordingly, we compute 1,422 primary inspections per inspector annually, and 2,616 inspections per inspector annually when re-inspections are included. This ratio compares favorably with inspection activity in other large jurisdictions with which the team is familiar. The cost per primary inspection was approximately \$69.87.

## RECREATION Department AND RECREATION COMMISSION

### Organization and Staffing

Egg Harbor Township offers a wide variety of recreation programs, which are organized through the cooperation of volunteers, the recreation commission and the department of recreation. The department of recreation is the agency that provides administrative support and direction for all of the recreation programs offered by the township. It also provides support, through the recreation commission, to volunteer youth organizations. The recreation commission, to purchase equipment and supplies for five volunteer sports organizations, allocates a portion of the funds appropriated by the township committee to the department of recreation. A commissioner who acts as their liaison to the board represents each organization. The organizations sponsor activities for girls and boys which include: bicycle motor-cross, street hockey, cheerleading, drill team, baseball, football, basketball and soccer.

The recreation department utilizes both municipal and public school facilities to accommodate the recreational needs of the township. Eight of the municipally-owned sites throughout the township contain active recreational facilities. The largest site is the 31-acre Veterans Memorial Park that has 21 recreation fields/areas including nine lighted fields. One of these facilities is a regulation sized bicycle motor-cross track.

Volunteer groups and the township public works department maintain all of the township facilities. The recreation department has no maintenance staff. The only expenses incurred by the recreation department directly associated with these facilities are for utilities, amounting to about a third of their 1998 operating budget.

In 1988, the township established a "Board of Recreation Commissioners" pursuant to N.J.S.A. 40:12-1 et. seq. The board is composed of seven commissioners and two alternates, all unpaid and all appointed by the township committee. The recreation commission has adopted a mission statement "To plan, promote, organize and administer comprehensive recreational services for the residents of Egg Harbor Township." The commission by-laws, adopted in 1990 and approved by the township committee, specify the duties of the board and its officers.

There are two full-time employees who administer all of the recreation programs offered by the township, the director of parks and recreation and the assistant director. Their salaries and benefits are funded in the municipal budget. They are also responsible for developing and publishing a quarterly supplement to the local paper describing the programs being offered each season.

### Financial

During 1998, the township expended \$159,662 in direct wages. Of that amount, \$102,942 was for the full-time staff and \$56,720 was for part-time and seasonal staff. Part-time and seasonal employees are hired in the summer to run the various recreation programs offered by the township. The fully loaded wage costs in 1998 were \$201,239. The township appropriated \$64,200 for operating expenses for the department of recreation in 1998. Of this amount, \$19,822 was used to purchase supplies and equipment for youth sports organizations. The balance was used for departmental recreation activities, supplies, and utility costs.

In addition to the township budget, the recreation department receives funds from program fees, donations, sponsorships and developer contributions in lieu of making on-site recreation improvements. These fees are collected into a trust account. In 1998, the recreation department, through the trust fund, expended a total of \$85,825 to provide year-round recreational activities for the residents of EHT. This included over 2,900 program hours of organized recreational and training activities plus 32 bus trips and a variety of contests and promotions.

The township was granted approval from the Director of Local Government Services to establish a "dedication by rider" trust account for revenues received by the recreation department. The dedication by rider allows the

department to use income from programs for the expenses of the programs without affecting the municipal budget. All balances in the trust are carried over to the following year.

The programs funded through the dedicated trust include the youth sports activities mentioned previously, day trips, swimming, fitness, fishing, canoeing, dance, arts & crafts, karate, photography, science workshops and fencing. In addition, the trust expended \$78,822 for capital recreation projects in 1998.

The recreation department also organizes training courses for coaches through the National Youth Sport Coaches Association and training for lifeguards through the American Red Cross. These programs are run by a combination of paid and volunteer staff and utilize both municipal and school board facilities.

The recreation director reports all programs are in compliance with the Americans with Disabilities Act (ADA) and assistance is provided to any participant who requests it. Taken as a whole, the programs are supported by program fees, other than administrative and facility overhead.

**The team commends the recreation department and commission for making a wide range of varied and unique activities available for the citizens of Egg Harbor Township while keeping full-time staff and expenses to a minimum.**

### **Operations**

In 1990, the recreation commission established a statement of policy under which all recreational activities will be conducted. The township committee endorsed the policy by resolution in 1990. The 14 point policy requires, among other things, that organizations receiving township funds must:

1. submit a constitution, by-laws or rules to the commission;
2. obtain commission approval for any changes to the financial structure of the organization;
3. obtain commission approval for any purchases of \$1,000 or more;
4. submit a semi-annual financial statement to the commission; and
5. conduct a yearly financial review.

Additionally, the commission has taken an active role in setting standards for youth sports activities in EHT. These standards include both the environment under which the activities are held and the conduct of the coaches. It has adopted 11 standards from the National Standards for Youth Sports that cover such issues as the well-being of the child relative to the sports program, the role of sports in the child's life, the role of the parent in the sports program. It has also established written standards and policies for coaches that include procedures for handling complaints. Reportedly, while these standards and policies are not actively monitored for compliance, any complaints regarding policy violations are promptly addressed.

The commission also has established written "Rules and Regulations Governing the Use of Parks and Park Areas." These regulations comprehensively cover specific activities within the township parks and establish the permits required for each activity.

Chapter 165 of the EHT Code also covers parks rules and regulations. It also authorizes the commission to formulate other regulations, as it deems necessary. The township code is not as specific as the rules and regulations set forth by the commission. In some instances they contradict one another. For example, Chapter 165 of the code prohibits open fires in any park at any time. Article III of the commission rules and regulations states that fires are permitted, but only in designated areas. Article I, Section 2, E of the commission rules and regulations appears to create an exception to activities prohibited in the code.

**The team commends the recreation commission and department for developing, and enforcing high standards for sports activities, coaching, and the use of municipal parks.**

### **Recommendation:**



**We recommend the township committee and the commission review the rules and regulations and develop one document we recommend be adopted by ordinance. This would eliminate any existing regulatory conflicts and enhance the ability to enforce the policies if required.**

## PROPOSED MUNICIPAL GOLF COURSE

At the time of the review, EHT was pursuing a unique project that will convert a 170-acre landfill site into an 18-hole public golf course. The governing body has actively promoted the project since the late 1980's. The site is surrounded by two major county roads and one local road and is located in a relatively rural area of the township. The landfill itself has been officially closed since August of 1990 under a closure plan approved by the New Jersey Department of Environmental Protection.

The property, known as Pinelands Park Sanitary Landfill, first began operations in the 1950's. Newco Waste Systems of New Jersey, Inc, a subsidiary of BFI, Inc. currently owns the property. Its highest elevation is approximately 100 feet above sea level, which affords it a spectacular view of the surrounding area including the Atlantic City and Ocean City skylines. The landfill contains a leachate control system, a methane gas collection system, groundwater monitoring wells, and surface water runoff controls.

The site is a high, grassy mound, dotted with well heads and manholes; it is completely surrounded by fencing and appears well-maintained. The 1998 assessed value is \$1,046,500 and the property generates local purpose tax revenue of \$2,626.72. The site had very little promise other than to remain one of the highest land points in Egg Harbor Township. The golf course that is proposed for the site will provide a substantial yearly revenue source to the township. In addition, it is proposed to transform this property into an aesthetically pleasing recreational destination point that will be an economic catalyst for the surrounding businesses.

The administration is moving forward with a plan to develop this property without significant risk to the public. The township negotiated a long-term surface easement with the property owner for the right to develop public recreation on the site. Reportedly, the landfill owner saw this as a prototype project that could increase the value of similar sites around the country. The NJ Department of Environmental Protection was consulted early in the negotiations to ensure that the DEP would approve the use of the site as a golf course. The final agreement calls for a 30-year easement with two additional 30-year terms available, all for the nominal cost of \$1. The agreement does not allow for the township to sub-lease the easement; however, they can lease the development rights granted under the easement. The ability of the township to lease the development rights to develop a golf course and related facilities on the site is the key to this plan.

In order to finance the project without expending tax dollars, the township formed a non-profit corporation called the Egg Harbor Township Golf Corporation (the corporation). The corporation was organized under N.J.S.A. 15A:1-1 et. seq. and will seek status as a non-profit organization under section 63-20 of the Federal Tax Code. The by-laws of the corporation state its purpose as "...develop, finance, own and operate a municipal-affiliated golf course and related facilities on Ocean Heights Avenue, Zion Road and Mt. Airy Road in Egg Harbor Township...." The by-laws further state that approximately 50% of any net cash flow shall be used for recreation and volunteer activities in Egg Harbor Township. The corporation shall have no members but will be managed by a board of trustees named in the certificate of incorporation. The by-laws state that one trustee shall be the Egg Harbor Township Administrator and that the Egg Harbor Township Committee may remove any trustee with or without cause. In this manner, the Egg Harbor Township Committee retains control of the corporation.

The purpose of the corporation is to create a buffer between the risks associated with this type of development and the municipality. As a non-profit corporation, the corporation can sell bonds to finance improvements and can enter into contracts for goods and services, all to fulfill its stated purpose.

According to those interviewed, the township committee plans to lease the development rights to the corporation. The corporation, in turn, will finance the project through tax-exempt bonds issued through the Atlantic County Improvement Authority. The corporation will also contract with an engineer, architect, and other professionals to produce a pro-forma business plan for the project, secure the necessary permits, and develop the final design of the

golf course and bidding documents for its construction. After construction, it is anticipated the corporation will hire a firm to construct and manage the golf course.

At the time of the review, the corporation had awarded a \$498,000 contract to an engineering firm to provide basic engineering services for the project. The contract authorized an initial budget of \$50,000, not to be exceeded without advance authorization, to determine the feasibility of the project. The non-profit will review this study and decide whether or not the project will proceed.

The township has also taken steps to move the project forward while the non-profit corporation is proceeding with its organization and financing. The EHT township committee passed a capital ordinance that appropriates \$500,000 to cover any initial costs associated with the project such as preliminary feasibility studies, permits, engineering, etc. These funds provide a level of confidence to the engineering firm that the contract issued by the corporation, and particularly the \$50,000 initial feasibility study, will be funded should the project be scrapped.

The preliminary pro-forma analysis that were developed by both the administration and various firms responding to RFP's for managing the golf course, indicate that the township will enjoy revenue from the corporation of \$50,000 to \$100,000 per year for the next 10 years. This estimate could easily grow in subsequent years. The maximum risk that the township faces to determine if they are to proceed with the project is \$50,000 to \$80,000. Township officials have demonstrated prudent diligence in their efforts to bring this plan to fruition. They have sought out advice and comment from public and private agencies around the country that have undertaken similar projects. They have secured professional advice at every turn and have instituted safeguards that will both protect the taxpayers and put the township in a position to reap substantial rewards.

We commend the township officials for this creative reuse of the closed landfill. We believe this project serves as a model for rehabilitation of closed landfills, and we have included it in this report as a best practice.

## **PUBLIC WORKS**

The Egg Harbor Department of Public Works (DPW) provides a variety of essential services to the community. These services include solid waste collection and disposal, road maintenance, equipment and vehicle maintenance, storm drainage maintenance, and maintenance of public buildings and parks. In addition, the department may be called upon to respond to emergency and other special events that do not fit neatly into its basic services.

### **Organization and Staffing**

The department is organized into four divisions: solid waste, roads, equipment maintenance and buildings and grounds. The administrative staff consists of a director and four managers. Each manager heads a division and reports to the director. Two clerks handle a variety of tasks.

During 1998, there were 32 full-time and nine part-time employees employed in the DPW.

Managerial staff is represented by Communications Workers of America (CWA). Non-managerial and clerical staff members are represented by the International Brotherhood of Electrical Workers Union (IBEW).

### **Community Service Workers**

At various times throughout the year, the department assigns tasks to individuals who have been sentenced to community service by the Atlantic County court system. The department also employs the services of individuals provided through the Clean Community program. While DPW management welcomes this additional manpower, the department is somewhat limited in the use of this manpower because the skills of the individuals assigned are often not related to the work available. Other municipalities have found that by making work details available on weekends, the pool of available community service workers expands due to the fact that many continue to hold their regular job while completing their community service sentence.

**We commend the department for its use of community service workers to accomplish work at a minimal cost to the taxpayers.**

State law requires that each municipality have at least one certified public works manager (CPWM) employed or contracted to the municipality unless exempted by the director of the Division of Local Government Services. The certification is granted to individuals who have satisfied certain statutory requirement which include the completion of a prescribed course of study, and an examination. Each CPWM is required to keep his/her training up-to-date by completing continuing education requirements each year.

In EHT, the director and one of the managers have achieved CPWM certification. Another manager is currently enrolled in the CPWM program, and is completing the required course work.

**We commend the township and DPW director for providing training opportunities for the staff.**

### **Safety**

The department has a very good safety record. The first place award was bestowed on the department by Atlantic County Joint Insurance Fund (JIF) for having the least number of accidents in 1998. The department also received \$2,700 from the JIF in recognition of this accomplishment. The director has been the township's safety coordinator since 1998.

**DPW employees are commended for employing and adhering to department safety standards and for achieving recognition from the JIF.**

### **Policies and Procedures**

The director guides the DPW workforce in the department's mission via monthly meetings and correspondence. In addition, division managers conduct quarterly meetings to discuss new and old township policies and to seek input from staff to determine more efficient and effective ways of accomplishing the department's missions. Presently, there are no written policies and procedures in place with respect to the department's operating procedures and employee responsibilities. However, the director reports he has drafted a comprehensive manual of standard operating procedures and minimum performance standards for department employees. The manual was not available for review by the team.

### **Recommendation:**

**We recommend that the manual be released to township committee for its review and adoption at the earliest opportunity.**

### **Work Schedule**

The standard workweek at the department is Monday through Friday, 7:30 a.m. to 3:30 p.m. Employees are allowed a morning and afternoon break and a half-hour lunch period. The team's observations indicate that workers begin the workday promptly, and confine break and lunch periods to the time allotted.

The director of the department compiles and maintains detailed information concerning projected amounts of time and manpower needed to perform seasonal and routine assignments. DPW staff is assigned daily work activities based on both the managers' knowledge of what needs to be done and the information obtained from the director's database. Assignments are manually recorded on worksheets. Historical information on the time required to perform specific tasks provides standards for each job completion and is a tool to determine whether employees are performing tasks in a timely and efficient manner. At times, citizen complaints or emergencies preempt daily work assignments. Depending on the priorities within the department, employees are shifted to a variety of functions on an "as needed" basis.

Our observations indicate that the department uses a manual work order system to prioritize and schedule work assignments. The various divisions have a mixed record regarding the recording of the staff time consumed and material used after the work is completed. This record of materials, labor and parts actually used offers a valuable budgeting tool.

The department purchased managerial software with a work order feature capable of being customized to public works functions earlier this year. At the time of our visit to the township, management was only using certain properties of the program. Additional training was being planned to learn more about the work order feature of the program.

In spite of the aforementioned, the director asserts that great strides have been made in improving the proficiency of the department. For example, the director reports that in 1997, no municipal funds were expended for outside electrical contractors, and the cost of fire truck maintenance was sharply cut. Additionally, he reports a sharp decrease in the amount of funds expended for plumbing work.

**We commend the public works department for developing a work plan for routine, seasonal and as-needed projects.**

Those interviewed report there is an ongoing struggle between the divisions regarding the allocation of personnel. For example, during the fall season most of the personnel from buildings and grounds have to be assigned to the roads division to assist in the leaf collection function. This causes the buildings and grounds division to get behind in performing off-season work for township facilities. In addition, more of the electrical and much of the plumbing work that was formerly contracted out is now being done in-house. This leaves even less time for recreation facility maintenance. It has also become necessary to assign an extra person to vehicle maintenance whenever possible.

The team notes that its employees are resourceful, and adapt to situations as they occur. As a result of resourceful measures taken by the director, a salt and sand barn was erected at the public works facility by using members of public works staff and tools obtained via a sharing relationship with surrounding communities.

The director believes that the department could use seven additional personnel to accomplish all its assigned work. The director requested three new employees to be assigned to DPW in his 1998 and 1999 budgets. The township committee authorized two additional employees to be added to the department in 1998 and two more in 1999. While the director and the administrator are pleased to have more staff, they are cautious to note that these additional employees will not be able to help the department keep pace with increasing demands for DPW services in a growing town.

**Productivity**

Salaries and benefits accounted for 62% of the department's total actual expenditures for FY98. Total department overtime reported for FY98 was \$52,403. The solid waste division posted the largest amount of overtime (approximately 70%) reported in FY98. This division's overtime was attributable to the increase in trash generated by a steady population growth over the past three years. The opportunity to earn overtime is available to all willing DPW employees and must be approved in advance by the director. The team's review of documentation regarding overtime indicates that management actively controls overtime and verifies overtime worked.

**Solid Waste**

The solid waste division is responsible for the township's recycling, solid waste, and bulky waste collection. Curbside collection and drop off recycling service is provided through a contract with the ACUA. The EHT sanitation division collects household trash and bulky waste using township staff. Bulky waste is comprised of brush, wood and lumber, metal, large household appliances, and tires. The division also collects bagged leaves and grass. This report discusses each operation separately.

**Sanitation**

Curbside collection service is provided to all residential properties including each condominium and public school. There are six public schools and 12 condominium complexes in EHT. Based on estimated figures provided by the township, there were approximately 9,831 occupied housing units in the township in 1998. Township records also revealed that over 1000 building permits for new single-family houses were issued over the past three years.

For the past three years, the department has collected trash generated by the township's public schools pursuant to an interlocal agreement between the township and the board of education. The board pays the township for this service.

### **Condominiums**

Prior to enactment of N.J.S.A. 40:67-23.2 et. seq., condominium owners contracted with private solid waste companies for trash removal. The township reimbursed condominium owners a nominal percentage of the cost of this service. However, when the level of reimbursement approached 100% two years ago, it became more cost-effective for the township to collect the trash directly. Accordingly, the township entered into an agreement with each of the condominium owners' associations to provide trash collection services.

**We commend the township for proactively analyzing its trash collection system and making these improvements.**

### **Operations**

The township is approximately 68 square miles and is divided into four zones for trash collection. Household trash is collected curbside one day per week in each zone, Tuesday to Friday. Condominium trash is collected on Monday. Trash is picked up at each of the township schools daily (except in the summer when collection is reduced to twice weekly) and bulky waste is picked up monthly.

In 1996, the trash collection operation was reorganized after an in-house study indicated efficiencies could be achieved. The sanitation staff was able to compress a five-day collection schedule into four days using the same labor force. Formerly scattered routes were consolidated into four contiguous districts reducing mileage and travel time. The collection schedule developed from the study also resulted in an additional 2,700 hours of labor per year that are now used for other public works functions and projects.

The American Public Works Association (APWA) reports that the national average for public-sector trash collection is 600 stops per day. The APWA found no difference in productivity between two and three person crews. The APWA reports the private-sector average number of stops per day at 700.

Records provided by the public works department show that during 1998 each crew made 650 stops per day. Productivity improved over the year, as at the end of 1998, the department's records show crews were making 750 stops per day.

According to department management the 'missed' collection rate is less than 1%. The director attributes this low rate to residents being diligent in having their trash out in accordance with the collection schedule. When complaints are received, the division supervisor investigates; and depending where the missed trash is located, he will use his pickup truck and retrieve the trash himself or redirect a truck later in the day.

**We commend the public works department and sanitation crews for exceeding the APWA benchmark for productivity.**

### **General Operation**

According to the director, the sanitation crew's workday begins at 7:05 a.m. and ends around 3:15 p.m. The remaining time is used to clean the trash trucks. The director's report was confirmed by the observations of the review team.

The township owns four conventional (rear-loading) trash trucks ranging in compacting capacities of 25-cubic yards to 32-cubic yards. Three trucks are used for the regular collection of household and school trash. The fourth truck is used to collect trash from condominium complexes and as a shuttle truck during regular collection days. Each truck is staffed with a driver and two laborers. The laborers do not travel to the landfill. When the truck is full, they either load the replacement truck or are picked up and taken to another collection route.

According to New Jersey Department of Environmental Protection (NJDEP) estimates, compacted household waste weighs one ton for every three cubic yards of refuse. Accordingly, a full 25-cubic yard truck will contain approximately 8.3 tons of waste. Likewise, a full 27-cubic yard truck will contain 9 tons of waste and a full 32-cubic yard truck will contain about 10.6 tons of waste. According to ACUA landfill records, the township collected 9,809 tons of solid waste in 1998. The township report indicates that 9,563 tons of solid waste collected in 1998. We

compute each truck was 90% to 95% full when it entered the landfill. Monday through Thursday, trucks were emptied twice a day. On most Fridays the trucks carried only partial loads during the second trip to the landfill. ACUA records indicated that the landfill process took between 10 to 15 minutes to complete. Since the landfill is located within township borders, travel distance to the landfill ranges between two to five miles.

### **Host Community**

In 1990, the township entered an agreement with ACUA for payment of host fees to compensate the township for the impact of the ACUA solid waste transfer station and landfill being located in the township. N.J.S.A. 13:1E-28 requires a municipality be compensated not less than \$1 per ton of solid waste accepted for disposal at a sanitary landfill facility located within the municipality. EHT's agreement with the ACUA provided initially that the township be paid \$5 per ton. One dollar of the fee is dedicated to a special environmental trust fund, which primarily provides public water and sewer to areas of the township not currently served. The team believes this host community fee is one of the most favorable to the municipality in the state. The agreement provided that rate per ton would be adjusted in accordance with the consumer price index. In 1998, as a result of the then recent deregulation of the solid waste industry, EHT agreed to freeze the overall host community benefit at \$5.92 per ton for 1998 and 1999.

**We commend the township for negotiating a favorable host community fee in exchange for hosting this regional facility.**

### **Cost of Service**

Four drivers, eight laborers, one division manager and one clerical employee were assigned full-time to the solid waste division in 1998. In addition, eight part-time laborers were employed. Salaries and wages expenditures were \$431,603. Other expenses, including the tipping fee and recycling contract costs, were \$1,005,755. The fully-loaded wage costs were \$628,003. The total division expenditures were \$1,633,758.

Based on ACUA's landfill reports, the township disposed 9,809 tons of solid waste in 1998 at \$52.50 per ton. Township records show 8,306 tons were household trash, 914 tons were collected from condominiums and 343 tons collected from the public schools, totaling 9,563 tons of solid waste. Varying quantities of wood waste and other material are also disposed of at the ACUA facility. In addition, the township pays a quarterly 'environmental investment charge' (EIC) to the ACUA, totaling \$260,476 in 1998.

The team computed EHT's costs for trash collection and hauling (excluding tipping fees, the EIC, and recycling contract costs). In 1998 the cost was approximately \$384,433 or \$39.19 per ton. The cost of vehicles or debt service is not included in this cost.

The team estimated the capital costs per ton of the township fleet of trash trucks. We estimated the average cost of the trash trucks at \$150,000 each. Based on EHT's vehicle replacement schedule it appears the trucks are in service 10 to 12 years. We amortized the capital cost over 10 years at 5% interest resulting in an annual capital cost of \$15,394 per truck. The resulting capital cost per ton is \$6.28.

Based upon the actual operating budget and our estimate of capital cost per ton, we compute the township is paying approximately \$45.47 per ton to collect and haul its trash. The team learned that the City of Absecon had, at the time of our fieldwork, awarded a competitive contract for solid waste collection and hauling to ACUA for \$114,715 to collect and haul 2,486 tons, or \$46.14 per ton. Competitive contracts in other municipalities in 1998 ranged from \$45 to \$60 per ton for curbside collection.

While we recognize that Absecon's contract may not reflect an accurate cost for EHT, it appears that EHT's solid waste collection operation is operating at costs that are very competitive with the private sector.

The team agrees with the director's projection, that the division of solid waste workforce will need to be expanded to accommodate the increase in the township's population. The director projects that the township will need to nearly double the size of the solid waste operation in the future based on the rate of growth in the township. We note that adding new routes may cause some interim inefficiencies, however recognizing that the township is currently running a very efficient operation leads us to conclude the staff will creatively accommodate the new routes as well.

**We commend the department of public works for a cost-effective solid waste operation.**

### **Recycling**

Many communities have discovered the financial and environmental benefits of recycling solid waste. Though there are many reasons for increasing interest in recycling, a major factor is the cost of land filling solid waste.

The township's recycling program is contracted out to the Atlantic County Utilities Authority (ACUA). Paper, corrugated cardboard, glass bottles, aluminum and steel cans, aerosol cans, certain plastic containers, and household batteries are collected curbside twice a month. Neither the township nor the ACUA provides recycling containers.

Township residents are permitted to take latex and oil base paints, car batteries, motor oil and antifreeze to the ACUA facility located in the township once a month.

Under the terms of the 1998 contract, ACUA collects from residential property every other week and collects from commercial properties on a weekly basis for \$335,004 annually.

Records provided by ACUA reveal the township's recycling rate has ranged from a low of 19% to a high of 29% over the past eight years. During 1998, the EHT recycling rate was 26%. For the same period the county-wide average was 20%. While comparing favorably to the county average, the recent trend in EHT was an overall reduction in the total recycling rate and a reduction in the curbside tonnage. During 1998, EHT began operating its own yard-waste recycling center. Accordingly, we recognize the recycled yard-waste tonnage at the county facility decreased.

The team reviewed the ACUA recycling report for the county and noted several surrounding municipalities that did provide collection containers to residents and were achieving more favorable recycling rates. According to an official at the ACUA, past research has shown that there are significant increases in homeowner participation and tonnage collected when containers are provided. The ACUA surveyed a sample of towns in south Jersey that provide containers to homes. The sample towns experience an increase in the volume of recycled material ranging from 24% to 50%. The recycling container appears to act as a reminder to recycle and permits collection staff to quickly differentiate between waste and recyclable material. The ACUA also compared the recycling rate of EHT with a similar-sized municipality with residential recycling containers. ACUA reported the comparative municipality had a 6% higher recycling rate. A 6% increase in EHT's recycling rate would represent as additional 547 tons of waste that could be removed from the township's waste stream thereby yielding an estimated savings of approximately \$25,000 in tipping fees. There are no additional costs from ACUA for handling additional material.

ACUA estimated the cost of 30-gallon containers at \$6.50 each. Assuming the township purchases one for each of the approximately 10,000 households, we compute the cost would be \$65,000. Based on these estimates, we conclude the cost of containers would be recovered in less than three years.

### **Recommendation:**

**We recommend EHT consider purchasing recycling containers for residents in concert with an overall campaign to increase the recycling rate.**

**One-time Value Added Expense: \$65,000**  
**Annual Cost Savings: \$25,000**

### **Roads**

The roads division is principally responsible for maintaining and repairing all of the municipal roads and storm drainage system, including the removal of snow and leaves, patching potholes, roadside mowing and tree trimming, cleaning catch basins, and repairing and installing street traffic signs.

During the course of 1998, the roads division had a staff of four heavy equipment operators, four laborers and one supervisor. The 1998 salary and wage expenditures were \$359,961. The other expenses totaled \$71,904. The fully-loaded wage costs were \$527,199. The total division expenditure was \$599,103.

### **Work Scheduling**

The team observed that tasks are generally assigned based on the division manager's assessment of what needs to be done each day. The team also noted that the manager's assessments were based upon numerous years of on-the-job experience and observation of work in progress. There are no written plans for the implementation of any of the division's functions.

The use of heavy equipment is essential to perform a variety of tasks within the roads division. Therefore, this division maintains an inventory of heavy equipment and employs workers who have received training to operate the equipment. The heavy equipment is also useful in many diverse operations and at times is used in emergencies. Likewise, heavy equipment operators are also in demand whenever an emergency arises.

The team is mindful that, at times, emergency situations will have a tendency to inundate the personnel resources of the roads division and interrupt planned assignments. Therefore, the division manager should seek to minimize disruptions of its workflow by establishing and implementing procedures to properly handle emergencies and complaints from residents.

The team also suggests that the division manager develop a written work plan for each project and utilize a follow-up report for each work order. The follow-up report should provide actual time and material information. If used, it will provide valuable information on the amount of work accomplished by the division and document staffing levels needed to complete the work assigned.

### **Street Sweeping**

Based on estimates provided by the director, the township has 350 road miles that are to be swept each year (700 curb miles). Township employees do not sweep any county or state roads. There is no official notification process in place to inform residents of the street sweeping schedule. If cars are parked along the sweeper's route, the operator travels around the car.

Ideally, management would like to have the streets swept five times per year. However, due to mechanical failures, the limitations of having one sweeper, inclement weather, and cars being parked along the route, the director estimated the streets were swept three or four times in 1998. Based on management's records, 950 hours were devoted to this function in 1998.

In an effort to determine the cost of the street sweeping function, the team considered the capital expense of the township's sweeper, which was approximately \$98,000. Assuming the sweeper has a useful life of 10 years and a 5% interest rate, the yearly debt expense is estimated to be \$10,058. The fully-loaded wage costs for an equipment operator were averaged at \$17.65 per hour in 1998. Thus, the township's street sweeping wage costs were \$16,765. Other costs such as fuel, oil and replacement parts were estimated at \$2,500. The total cost was approximately \$29,322 or approximately \$83.77 per road mile in 1998.

The team has had the opportunity to review street sweeping contracts obtained by other municipalities. Prices ranged between \$70 to \$125 per road mile. Long-term contracts were less expensive than short-term or one-time contracts.

While the current operation appears to be functioning within the expected range of costs, as a matter of policy, the township should determine what level of service it wishes to provide regarding street sweeping. Many towns sweep streets to maintain a higher water quality and reduce sedimentation in area streams. This level of service suggests a two or three times per year street sweeping schedule. Other towns choose to maintain a more frequent schedule to control litter and maintain the aesthetic appearance of the streets. Once determined, the option of exploring contracting the service is more readily done. The existing staff time will be readily absorbed by other public works functions.

### **Recommendation:**

**We recommend the township determine the level of street sweeping required, and explore private contract opportunities.**



### **Leaves and Grass Clippings**

The township collects leaves for 12 weeks during the spring and fall. Leaves are collected twice in each of three zones each season. Residents are instructed to rake their leaves to the curb and are asked not to park vehicles near leaf piles during the collection week. Brush is not to be included with the loose leaves. Teams of two employees and a leaf vacuum machine collect leaves. Both roads and solid waste personnel staff the collection operation.

The director reports that in 1998, six department personnel collected 7,200 cubic yards of leaves over the 12-week period. Late in 1997, the DPW started recycling the township's leaves in the township composting facility located on the department's premises. An equipment operator turns the leaves once every three weeks to improve the composting process. Township residents are invited to take the mulch produced from this process on Mondays and Fridays throughout the year.

During other times of the year, residents are requested to place bagged leaves and grass clippings curbside on their regular trash day. The bagged leaves and grass clippings are taken to the DPW's compost site where the bags are torn open by two or three employees and dumped into the compost machinery. The DPW's records indicate that 6,400 yards (not compacted) bagged leaves and grass clippings were collected in 1998.

The bag opening process of the township's bagged leave operation is both tedious and time consuming. Other towns have required citizens to use biodegradable paper bags or have had the collection crew tear open the bags at the time it is collected rather than separating the bags later. Many towns have conducted an aggressive campaign to encourage homeowners to leave their grass clippings on the lawn. This greatly reduces the volume of grass to be collected. The team suggests that the township consider both biodegradable bags to eliminate the bag opening process and a public education campaign.

### **Storm Drains**

Information provided by the director indicated that there are 500 catch basins located within the township and that it takes an operator and laborer about one week each year to clean the basins. Cleaning sand and other debris from the storm pipes requires jetting the lines. This function requires more time than cleaning catch basins. The director indicated that it takes approximately 3,500 hours annually to perform jetting but that the department only allotted 550 hours to this function in FY98.

Drain ditch maintenance is done on an as needed basis township-wide. Most of the drainage ditches are not being maintained and reportedly contribute to flooding problems. The director reports that it takes about 960 hours to maintain the township drainage ditches, but that only 514 hours were devoted to this function in 1998.

The availability of the information regarding the time required and time spent is clearly an indication that management is keeping track of the work of the department. Should the township be unwilling to staff the department to accomplish these functions, it may wish to contract out specific functions, such as jetting the storm lines. Economies of scale may be available by coordinating such a contract with the MUA contract for jetting sanitary sewers.

### **Building Maintenance**

The Division of Buildings and Grounds (B&G), is responsible for the maintenance of township-owned buildings, heating and air conditioning systems, and minor carpentry, masonry, and plumbing tasks. This division is also responsible for the maintenance of township-owned parks and recreational facilities. In 1998, several B&G employees built a salt/sand barn on the DPW premises. The employees also constructed a break room in the township municipal building. These structures were erected at approximate costs of \$16,000 and \$12,000, respectively.

During 1998, seven employees, including the division manager, were assigned to this division. None of the division employees hold any trade-related licenses. Salaries and wage expenditures were \$117,768. The other expenses were \$226,507. The fully-loaded wage costs were \$294,280.

The division's workload is generated by requests received from the various other township departments in addition to routine work assignments. Division personnel are assigned tasks via work orders. The assigned staff member signs off on the work order as jobs are completed. The forms are returned to the division manager.

Although monitoring work assignments is commendable, the system in place only produces minimal information in terms of staffing needs and costs of performing each task. As noted in other sections of this report, a work order system designed to capture more meaningful data would provide much more useful management information for budgeting of time and material.

In 1998, the township competitively bid a \$32,000 contract with a janitorial company to clean the municipal building and the police department. The area cleaned encompasses approximately 100,000 square feet and includes general office cleaning, bathroom cleaning and periodic carpet shampooing and window cleaning. We compute the cost to be approximately \$.32 per square foot. While this price appears lower than the \$.75 - \$1.25 per square foot the team has seen for janitorial services bid elsewhere, we were not able to confirm the precise square footage under contract. We note the township has received several competitive proposals when it has bid this work.

One B&G employee cleans three offices and bathrooms at the DPW facility. This employee also cleans public restrooms at the township's parks and recreational fields. Another part-time B&G employee cleans the township's civic center.

### **Equipment Maintenance**

The township's garage, which is attached to the DPW's main office, has four bays and a parts and supply storage area. The garage is also equipped with three vehicle lifts. The overall condition of the shop was neat and orderly during the course of the team's fieldwork.

An unsecured, partitioned section of the garage serves as a storage area for basic parts and supplies that are used for routine maintenance and repairs. Parts needed for repair/maintenance jobs that cost less than \$500 are purchased as needed from local automotive supply stores via a blanket purchase order arrangement. Although there is no person specifically assigned to manage the storage area, the team found the storage area to be orderly and minimally stocked with commonly needed minor parts. No inventory system was in place in the parts room.

### **Cost of Operations**

During 1998, the salary and wage expenditures were \$134,373. Other expenses were \$140,920. The fully-loaded wage costs were \$286,481. The total cost to maintain 177 vehicles was \$427,401. This averaged out to a cost of approximately \$2,415 per vehicle. Approximately 72% of other expenses reported in 1998 consisted of costs incurred for repairs and maintenance services; another 20% consisted of tires and tube purchases. Industry reports that fleet maintenance costs approximating \$2,300 per vehicle in a mixed vehicle fleet are typical.

### **Staffing and Work-Load**

Preventative maintenance and the repair of township-owned vehicles and equipment are done in-house predominately by township mechanics. Responsibility for the management of the township garage is centered in the Equipment Maintenance Division (EM). In 1998, this division was staffed with a manager, three mechanics and one laborer.

Mechanics work a 40-hour week.

The division was responsible for repairing and maintaining a fleet of 177 vehicles in 1998. The fleet consisted of 57 police units, 27 fire units, and 93 units in DPW, emergency, recreation and other various departments. We note that all fire and emergency vehicles are serviced by this division; however, this work is done on overtime and costs are billed back to the using agency. Accordingly, 150 vehicles are maintained during the normal workday.

The director believes that EM requires 2.5 additional full-time employees to properly maintain the township's fleet. The director reported his calculations are based on a repair requirement formula developed by Rutgers University. The formula reportedly considers the total estimated hours required to perform scheduled preventative maintenance and repairs for each vehicle and subtracting the total number of hours that are currently available. According to the

Rutgers formula, the director estimates the township's fleet requires 10,535 hours of repairs and maintenance. The team was not provided with a copy of the director's calculations.

#### **Vehicle Equivalents (VE)**

"Vehicle equivalents" is a method used to determine the staffing level needed to maintain vehicles. Various fleet maintenance-consulting firms recognize it as one of the best guidelines for analyzing staffing levels. The method is based on the average number of hours of maintenance and repairs (17.5 hours) that are required for a passenger vehicle receiving full-time use. This is then translated into VE that is applicable to most any vehicle. For example, the benchmark for a passenger vehicle is 17.5 hours of work per year while a trash compactor truck requires 136 hours per year, or eight times that of a passenger vehicle. Accordingly, a trash truck is equivalent to eight passenger vehicles, or 8 VE's. Using this method, the team calculated the EHT fleet VE to be 331, requiring 5,792 hours of maintenance and repairs.

The team determined that each mechanic was available for 1,750 hours annually. This was determined by computing the scheduled work hours (2,080) and subtracting vacation days, holidays and estimated sick time. Once this was established, the team was then able to calculate the "VE ratio" which compares the maintenance and repair hours needed to the labor hours available. In EHT, the VE ratio is 3.3, meaning 3.3 mechanics are required to properly service the EHT fleet. The township currently employs three mechanics, just under the VE ratio. At this level, each mechanic is responsible for 110 VE's, slightly above the industry standard of 100 VE per mechanic.

Other factors must be considered when evaluating mechanic staffing levels, such as contracted work and employee performance. The director of public works estimates that approximately 90% of vehicle repairs are done in-house while the other 10% of repairs are contracted out. Examples of contracted repairs include, but are not limited to, front-end alignments, air conditioner repairs and some heavy equipment repairs. Management indicated that the balance of the work done in-house was tracked through the use of vehicle maintenance logs. These logs were to provide basic information such as dates of service and a general description of repairs and/or maintenance performed. The team found the logs to be incomplete regarding parts and exact number of hours used to complete tasks. They were also void of any narrative regarding the mechanics job performance.

The department does not utilize any formal performance standards or industry benchmarks to measure the mechanics' productivity and skills. Its method of assigning and monitoring tasks makes it difficult for management to track the amount of time mechanics spend on each job. The industry standard for mechanics direct labor time is 90% to 95%, meaning the actual direct labor time performing repairs, i.e., turning wrenches. This is opposed to indirect labor time involving other functions, e.g., running for parts, cleaning up, etc. Without the benefit of job performance standards or benchmarks, management cannot be assured that the mechanics are working to their fullest potential.

In 1998, the township purchased computer software, including support, to track its fleet maintenance functions. This program has a work order feature that is capable of segregating charges for each department's repairs, including accounting for labor costs, accounting for the cost of actual parts used and an overall inventory of parts on hand. At the time of our fieldwork the program was installed and the staff was being trained on its use. We encourage the department to fully utilize these features because this technology would greatly enhance their level of operations and serve as a check against established benchmarks found in commercially available repair manuals.

Once fully operational, and assuming a 90% to 95% direct labor ratio, we believe the existing staffing is appropriate for the fleet. As the fleet grows, however, additional staff will be required. We also believe having an assistant foreman in this division would improve the management of this department. We estimate a pay increment for this position at \$1,600 per year.

#### **Recommendation:**

**It is recommended that the township create an assistant foreman position to assume the foreman's responsibilities in his absence. Pay rate should be structured according to the task performed. This will be an added value expense by upgrading to this title.**

**Value Added Expense: \$1,600**

## **EGG HARBOR TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

The Egg Harbor Township Municipal Utilities Authority (the authority) was created pursuant to the Municipal and County Utility Authorities Law, N.J.S.A. 40:14B-1 et. seq. The authority was created by local ordinance on September 9, 1964 for the purpose of planning, designing, constructing and operating sanitary sewerage facilities in EHT. The incentive to create such an authority resulted from a finding by the State Department of Health that private sewerage facilities in certain parts of the township were inadequate and posing a pollution threat to the waters within the state. The act bestows broad powers to the authority including, but not limited to, the right to hold and administer property, the right to incur debt, the right to charge user fees to cover expenses and maintenance and the right to make and enforce regulations to manage its affairs.

The authority fulfills its purpose by adhering to a carefully worded mission statement that reads as follows:

The goal of the Egg Harbor Municipal Utilities Authority is to provide public sewer service to the residents of Egg Harbor Township and to expand the sewer system to service existing residential communities while minimizing secondary growth.

**The authority is commended for its foresight in developing and adhering to a written mission statement.**

An autonomous board made up of five members and one alternate member governs the authority. The members are appointed by the Egg Harbor township committee to staggered terms of five years. The board members have varied backgrounds, which provide well-rounded professional, technical and political expertise to the authority's operation. The authority operates on a fiscal year, September 1<sup>st</sup> through August 31<sup>st</sup>. During the 1999 budget year (September 1, 1998 through August 31, 1999), the authority appropriated \$189,250 in salaries, including fringe benefits and \$2,043,500 for 'other expenses'. In addition to the operating budget, the authority also appropriated \$677,775 for debt payments and \$815,594 in other reserves during that same period for a total appropriation of \$3,726,119. The reserves were, with the exception of about \$5,000, appropriated for a capital expansion of the collection system. With the exclusion of capital expenses, over one-third of the monies used for operating the utility, or \$1,260,000, are spent on treatment costs. During the past three years, expenses, excluding capital, have risen approximately 18%. The one area that has shown a steady decline over this period is repair and maintenance. The table below shows a synopsis of authority expenses since 1997 excluding capital expenditures.

### **Authority Expense in \$1,000's**

	<b>'99 Budgeted</b>	<b>'98 Budgeted</b>	<b>'97 Actual</b>
Treatment	\$1,260	\$1,050	\$1,060
Repair/Maintenance	\$719	\$748	\$823
Debt Service	\$683	\$548	\$477
All Other	\$254	\$251	\$249
<b>Total</b>	<b>\$2,916</b>	<b>\$2,597</b>	<b>\$2,465</b>

The authority maintains the operation of over 70 miles of gravity sewer lines, 30 miles of forced main lines, 43 pumping stations and two carbon air filtration systems. The commissioners have made a conscious decision to limit the number of employees on staff by contracting out for much of the services that the system requires. It employs four full-time employees, three in a clerical capacity and one field inspector. At the time of the review, the three-

person office staff was housed in one room located in the municipal building. This room also houses the files, computers and a public counter area. All accounting, record keeping and public access are provided through this office. The office becomes quite crowded when office staff, the field inspector and professionals are present. This overcrowding has led to practical measures to reduce congestion such as off-site records retention by the members of the board, the consulting engineer and the field inspector. We understand the authority has since moved its operation to trailers located adjacent to the municipal building. This is a temporary measure designed to meet their needs until a permanent solution can be established.

**We commend the authority for its position on limiting staffing to minimum levels and the use of private sector contracts wherever cost-effective.**

**Recommendation:**

**We recommend the authority have all authority records stored in a municipal facility under the control of the MUA secretary.**

**Professional Services**

The authority utilizes the services of a consulting engineer to provide design and inspection services for various projects. The bulk of this work is charged against specific projects and funded through developer escrow accounts. The work is authorized under a professional service contract and is billed on an hourly basis according to a fee schedule filed with the authority clerk. The authority engineer's rate is \$75 per hour. The consulting engineer also serves as the "administrator" for the authority by virtue of responsibilities designated under two documents: the 1968 ordinance which funded the original construction and operation of the sewer system and the authority's personnel policy manual. The engineer's administrative duties include day to day decisions regarding the operation of the authority, contract management, approval of invoices, attendance at meetings, etc. The work is conducted under a yearly retainer of \$11,000 plus health benefits in the amount of \$6,736. The staff and the board of commissioners all reported that the consulting engineer was highly focused and an asset to the authority. Records indicate that the consulting engineer received total payments in excess of \$275,000 during the authority's 1997 - 98 fiscal year, not including the retainer and health benefits. In addition to the engineer, the authority also contracts with a 'licensed operator' to be on site for at least eight hours per week as required by the New Jersey State Department of Environmental Protection. The licensed operator works under a yearly retainer of \$9,600. He conducts weekly inspections and provides written reports to the authority on a monthly basis.

The authority attorney receives a retainer of \$11,000 for routine meeting attendance and routine inquiries from the staff. Other work is billed at an hourly rate of \$100. During 1998, the MUA paid the attorney \$16,183 primarily for work related to potential litigation regarding general liability.

The legal advertisement published March 4, 1999 providing notice of the professional service agreements did not comply with the requirement of N.J.S.A. 40A:11-5(1)(a)(i).

**Recommendations:**

**In light of the contractual relationship between the authority and the engineer, providing the engineer with employee benefits is inappropriate. Accordingly we recommend the authority discontinue providing benefits to the engineer.**

**Cost Savings: \$6,736**

**While we recognize a contract for professional services such as engineering, legal, and auditing work need not be competitively bid, we recommend the authority review hourly rates paid by area firms to verify that the current contract rates are competitive.**

**We recommend the authority comply with the statutory requirements for advertising professional service contracts.**

The township is experiencing substantial growth. Its plans for future development include thousands of additional housing units and the associated commercial growth that accompanies such increases in residential housing. The team foresees substantial administrative responsibilities accompanying this growth which will require management to focus more on system administration and less on future planning issues. This growth will impact municipal planning, zoning, and engineering in a similar fashion. The result will be an engineering/administrative function that will be fully occupied with contract administration, plan review, inspection/monitoring, and other day to day operational responsibilities. In addition to these duties, the business administration function will take on a greater role in the management of the authority.

The team recognizes that the consulting engineer is a critical element in the efficient operation of the authority and that the goal of the authority is to keep the number of employees to a minimum. However, the team feels that both the licensed operator and engineering functions may be more cost-effectively provided “in-house,” in concert with the parallel functions in the township. We anticipate hiring a properly licensed engineer, an engineering technician, and a clerical staff person will cost approximately \$140,000 in direct wages, plus an additional \$56,000 in health benefits and statutory costs. State law (N.J.S.A. 40:55D-53.2) allows approving authorities to charge developer escrows up to 200% of the direct wages for in-house professional staff time spent on plan review and inspection. This would be more than sufficient to pay for the staff time spent on development work. The authority would save \$27,336.80 (retainers totaling \$20,600 and health benefits amounting to \$6,736.80). Additionally, both the township and the authority would gain in-house expertise for the variety of incidental engineering issues that will increasingly confront a growing municipality. Many extraordinary design and plan review functions could continue to be provided by contract engineers.

**Recommendation:**

**We recommend the authority and township committee explore the option of creating an engineering department.**

**Payroll Services**

The 1997–98 cost to process authority payroll through an outside agency was \$1,091. Because of the limited number of employees on the payroll, this function could easily be taken over by the township. The addition of these few employees would have little or no impact on the current payroll cost to the township.

**Recommendation:**

**We recommend the authority arrange for the township to provide payroll services.**

**Cost Savings: \$1,091**

**Purchasing**

The authority purchases fuel for its one vehicle at a local service station. The records indicate that the fuel purchased is a 93 octane premium gasoline. The vendor offers no discount nor is tax deducted from the bill. Vendor transaction records indicate that the authority spent nearly \$2,900 with the retail supplier from September, 1997 through August, 1998. Of this amount, an estimated \$1,670 was spent on fuel which translated into approximately 1,300 gallons of premium gasoline at \$1.285 per gallon.

The township operates a fuel facility at their public works yard. The township stocks unleaded fuel purchased under an agreement with the Atlantic County Purchasing Cooperative. The average cost of premium fuel purchased by the township during that period was \$0.5814 per gallon. Had the authority purchasing their fuel from the township, they would have saved an estimated \$914.

The team does not believe the authority’s vehicle requires the use of premium grade fuel. We believe the manufacturer recommends 87-octane fuel. During the period specified in this analysis, the team found that the 93 octane bulk commodity price was only marginally higher than the 87-octane. At times when premium gasoline is more expensive than regular, the saving will be greater.

**Recommendation:**

**The authority should enter into a commodity resale agreement pursuant to N.J.A.C. 5:34-7.1 et. seq., to purchase its fuel from the township and take advantage of the competitive bidding and tax exemption.**

**Cost Savings: \$914**

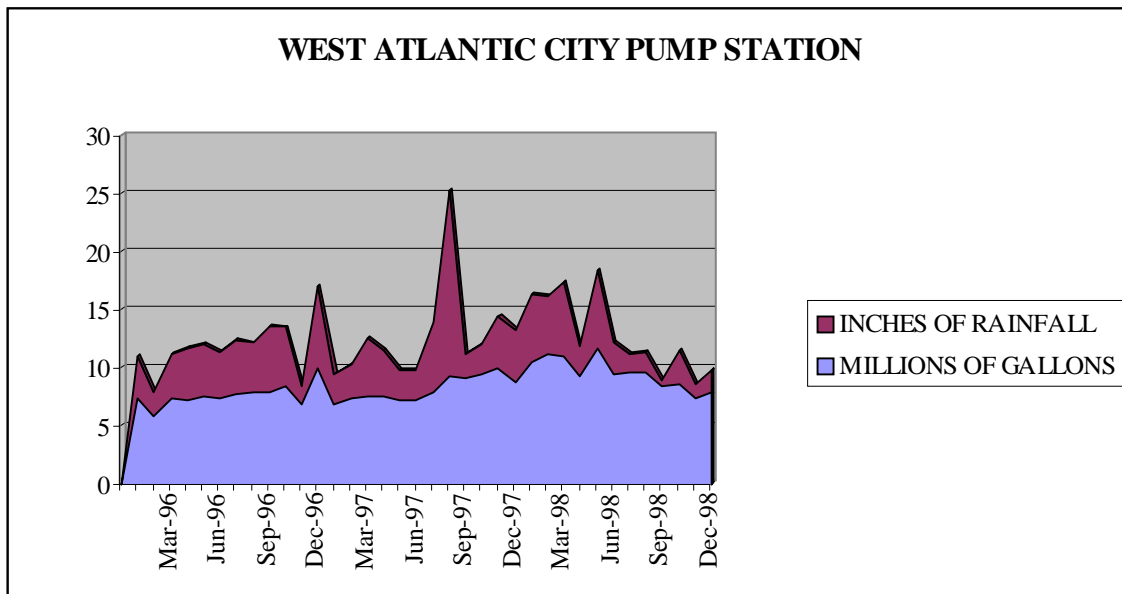
**Collection System**

Waste from the Egg Harbor Municipal Utilities Authority is delivered to the regional sewerage system operated by the Atlantic County Utilities Authority (ACUA). This regional system conveys the waste to a regional treatment facility, also operated by the ACUA, which is located on City Island in Atlantic City. The authority has entered into a service agreement with the ACUA for treatment of sewerage from the township. The authority pays the ACUA an annual charge under the service contract based on an estimated flow. Once actual flows are computed, any correction to the estimate is charged/credited in the subsequent year. The 1999 sewer treatment rate is \$1,523.92 per million gallons. The total estimated flow from the authority in 1999 is 755 million gallons resulting in a projected cost of \$1,150,560. There will also be an adjusted charge of \$58,092 to cover additional flow from 1998. The total 1999 ACUA charge to the authority was \$1,208,652.

The authority also maintains agreements with the adjoining communities of Somers Point and Pleasantville. These agreements allow Egg Harbor Township to use their respective systems as discharge points for various remote areas within the township. The cost of these agreements is based on a combination of fixed and formula driven fees. The total for both agreements is approximately \$31,500 per year.

**Infiltration and Inflow**

The authority maintains a close watch over its collection system to spot signs of infiltration and inflow (I&I). Infiltration is ground water entering the system. Inflow is storm water entering the system. I&I can be problematic in low-lying communities. I&I is treated and subsequently billed at the same rate as sewage, \$1,523.92 per million gallons. I&I can be caused by small leaks in joints, cracks in pipes, open manholes or even by loosely fitting manhole covers. Even small leaks can represent thousands of dollars in wasted sewer treatment costs. The authority monitors I&I by reviewing monthly flow reports, monitoring electric bills for signs of unusual usage and visually checking pumping stations. The authority has taken steps to curtail I&I such as sealing manholes that are subject to periodic flooding and relocating lines/manholes along Route 40/322 to an area less susceptible to flooding. The following chart shows a comparison of rainfall to sewer flow for the West Atlantic City area. This area is relatively low and is prone to flooding. The graph represents data from January 1, 1996 through December 31, 1998. The peaks and troughs representing large fluctuations in rainfall are, for the most part, mirrored by large changes in sewer flow, an indication of an I&I problem. This pattern exists until mid-1998. From that point, sewer flow appears to moderate even during variations in rainfall. This flow moderation coincides with major improvement projects by the authority in the area, including the replacement of a damaged manhole that was actually located within the high water mark of a tidal area and the relocation/upgrade of the sewer line along Rt. 40/322. Due to the relatively short period of time since the improvements were made, data was not available to fully demonstrate the reduction in I&I; however, the authority staff was very confident that the improvements have substantially curtailed I&I in this section of the township.



As a general rule, improvements in I&I produce immediate savings and should be aggressively pursued. Even modest reductions in I&I will produce dramatic results. For example, improvements that result in only a 3-5% reduction in flow will generate savings for the authority of approximately \$46,000 per year.

Sump pump discharges to the sanitary sewer, while illegal in New Jersey, are often a source of inflow that is very difficult to pinpoint. Other municipalities have experienced large amounts of inflow from sump pump discharges. Some have found that establishing significant surcharges for sump pump connections to the sanitary system, for which a property owner can be exempted after an inspection, provide effective economic incentive for property owners to redirect sump pump discharges away from the sanitary sewer.

**The team commends the efforts of the authority to identify and curtail infiltration and inflow within the system.**

### **Billing and Collection**

The three full-time office staff carry out the billing and collection functions. They currently service approximately 6,050 accounts. However, the growth in Egg Harbor Township is such that the number of sewer accounts is increasing on an average of 30-50 per month. There is a one-time connection fee of \$1,040 plus a yearly charge of \$235 for each residential account. This \$235 is a flat rate for all residential users and is based on one Equivalent Dwelling Unit (EDU). An EDU represents 80,000 gallons of water consumption. Commercial properties are billed according to their actual water usage as determined by New Jersey American Water meter readings. Bills are mailed quarterly to each customer along with a pre-addressed envelope for return payments. The authority hires temporary help four times per year to help fold, stuff and seal envelopes.

The entire office staff spends roughly three weeks per billing cycle (1,260 hours annually) preparing the bills, getting them out and then processing the payments when they come in. Staff estimates that 24,000 to 25,000 bills will go out this year. The staff is reviewing the possibility of staggering the quarterly billing so one-third are billed each month to spread out the impact of the utility billing. Beyond moderating the workflow, such a system will moderate the MUA's cash flow.

**We commend the authority for recognizing the advantages of a staggered billing cycle.**

The authority has contracted to have a custom software package developed to process its billing. The first version of this software fell short of expectations and the contractor was re-hired to make modifications to the system in order



to meet the needs of the authority. The authority spent nearly \$23,000 in fiscal year 1998 to develop its software and the process is still underway. The team is acquainted with commercially produced municipal utility billing packages available that are used in other communities.

#### **Recommendation:**

**The team recommends that the authority fully explore the use of “off the shelf” software for utility billing or other options presented in this report before continuing with the development of a custom utility software package.**

The fully-loaded hourly rate for the entire office staff (three people), including salary, health benefits, pension, insurance, Social Security, vacation, sick time, etc., is \$53.57/hr. Accordingly, we calculate the employee position cost for utility billing is \$67,498.20 annually. Based on 24,500 bills per year, the cost to prepare, receive and account for each bill is \$2.76. The authority has estimated that the current cost for mailing a bill, including envelopes, 1<sup>st</sup> class postage and temporary staff is \$0.84/bill. The total estimated cost to produce, mail, collect and process each bill is \$3.60 or \$88,200 for all 24,500 bills.

The team contacted a private utility in the area that provides a billing/collection service for other local governments and found that its cost was \$1.60 to \$1.80 per bill, less than half of the authority's current cost.

The team also compared the salary and wage cost to process utility bills with the cost to process township tax bills. The township sends out over 15,000 tax bills once each year and collects payment quarterly, very similar to the authority. There are some differences that can add or detract from any workload comparison between these offices, however, the process is substantially the same: bills are printed in-house and mailed out, payments are received and posted. Fully-loaded salaries in the tax office for 1998 totaled \$205,222. This translates into a quarterly cost per account of \$3.42.

The team considered the possibility of having the MUA contract for billing and collection functions with the tax office. While we believe potential savings could be achieved, adding 6,000 bills to the tax office, as it operates now, would require additional labor. Combined with the growth the township is experiencing, we conclude both offices will be fully occupied for the foreseeable future. The township and the authority may wish to reconsider such an arrangement in the future. Currently, we believe using a third party billing and collection firm is the best option for the authority, assuming the reduction of one staff position.

#### **Recommendation:**

**The team recommends that the authority seek proposals from third party agencies to take over the billing/collection process.**

**Value Added Expense: \$39,200 - \$44,100 (third party contract)**  
**Cost Savings: \$13,646 (postage and temp. staff)**  
**Cost Savings: \$34,818 (one staff position)**  
**Net Savings: \$4,364 - \$9,264**

#### **Purchasing**

The consulting engineer prepares and administers all major contracts. He also prepares bid packages and specifications that are required under Local Public Contracts Law. All payments against these contracts are reviewed and approved by the consulting engineer. All other purchases, not requiring formal contracts, are made verbally by the employees and the consulting engineer. The authority does not operate under an encumbrance system as required by Technical Accounting Directive #85-1, issued January 1, 1985 by the Director of the NJ Division of Local Government Services. Bills are paid by vouchers, which are prepared each month, attached to each bill and presented to the commissioners for approval and payment. There are no pre-numbered purchase orders issued that specify terms and conditions of purchases and there is no ongoing accounting of the status of the budget during the

course of the year. Funds are encumbered at year-end through the auditing process. This practice has been followed by the authority because of the small number of bills processed each year and a reluctance to create additional paperwork. An analysis of accounts payable showed instances of overpayments, resulting in refunds, and one overpayment of a specified contractual amount. These circumstances could have been avoided if an encumbrance system was in place.

Similar to the payroll, we believe the authority could operate more effectively using the existing budgetary accounting and purchase order system used by the township without additional hardware or software. Many towns operate a separate “utility fund” using the same computer and purchasing systems.

**Recommendation:**

**An encumbrance system, as required by Technical Accounting Directive #85-1, should be implemented at once to eliminate the risk of overpayments and provide proper budgetary controls. This may best be provided through the existing capabilities of the township.**

### **iii. Statutory and Regulatory reform**

A police officer involved in home security inspections noted that new homes have very poor locks. He had reviewed the matter with the construction code officer and learned that the state uniform construction code does not have a security section specifying minimum standards for entry door locks. The office suggests the uniform construction code be revised to provide such a section.

Interviews in the community development office and the tax office indicate that when homeowner associations have failed to operate as intended, the municipality's recourse regarding maintenance of improvements is limited and needs clarification.

## **LOCAL GOVERNMENT BUDGET REVIEW**

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